

FILM CO-PRODUCTION AGREEMENT
BETWEEN
THE GOVERNMENT OF THE ITALIAN REPUBLIC
AND
THE GOVERNMENT OF THE REPUBLIC OF CROATIA

PREAMBLE

THE GOVERNMENT OF THE ITALIAN REPUBLIC AND THE GOVERNMENT OF THE REPUBLIC OF CROATIA, hereinafter jointly referred to as the "Contracting Parties";

ACKNOWLEDGING the ongoing development of their bilateral cultural relations and in consideration of existing Agreements between the Contracting Parties;

CONSIDERING that the film, television, video and the new media industries of their respective countries will benefit from the co-production of films, whose technical quality and artistic and entertainment value can enhance the prestige and foster the economic expansion of the film, television, video and new media production and distribution industries in Italy and Croatia;

HEREBY AGREE AS FOLLOWS:

ARTICLE 1
Definitions

For the purpose of this Agreement, a "cinematographic co-production" means a project for a film, regardless of running time, including cartoons and documentaries, on any format, to be screened primarily in movie theatres and then on television, videocassette, videodisc, CD-ROM or any other form of distribution. Any new forms of audiovisual production and distribution will automatically be included under this Agreement.

ARTICLE 2
National Film

- (1) Any co-production produced under this Agreement shall be considered to be national film by the Contracting Parties. It shall be fully eligible for the benefits provided by provisions currently in force and those which may subsequently issued by either Contracting Party. Only the producer of the Contracting Party granting these benefits shall be eligible to receive them.
- (2) Films to be co-produced under this Agreement must be approved, after consultation, by the competent authorities of the Contracting Parties.

ARTICLE 3
Competent Authorities

The competent authorities responsible for implementing this Agreement are:
for the Italian Republic: the Ministry of Cultural Properties and Activities, Cinema Directorate General;
and
for the Republic of Croatia: the Ministry of Culture.

ARTICLE 4
Co-productions

- (1) In order to qualify for co-production benefits, the co-producers shall provide evidence of sound technical organization, acknowledged professional standing and expertise, and the necessary financial resources to bring the production to a successful conclusion.

- (2) Approval shall not be given to a project where the co-producers are linked by common management or control, save to the extent that such links are inherent in the making of the co-production film itself.

ARTICLE 5

Shooting

- (1) Co-production films shall be made, processed and dubbed, up to creation of the first release print, in the countries of the participating co-producers, in accordance with the article 8. If the scenario or subject of the film so requires, exterior or real life interior location shooting may be authorized in a country not participating in the co-production.
- (2) The producers, scriptwriters, directors, the artistic and technical staff must be nationals of the Italian Republic or the Republic of Croatia, or of member States of the European Union or long term residents of Italy or Croatia according to the Community and national law in force in the two countries.
- (3) The artistic and technical staff, who are not in the conditions provided by paragraph 2, may also be permitted to participate in the film only under exceptional circumstances, and subject to the agreement of the competent authorities of the Contracting Parties, taking due account of the production requirements.
- (4) Foreign artistic and technical staff being residents or legally employed in the Italian Republic or in the Republic of Croatia may, under exceptional circumstances, take part in the co-production as if they were long term residents of the country of residence.

ARTICLE 6

Contributions of the Producers

- (1) The producers of the two countries may contribute to each film in a proportion varying between twenty (20) and eighty (80) per cent. In principle, the minority co-producer shall be required to make an effective technical and artistic contribution.
- (2) Exceptions to the provisions of paragraph (1) of this article are permitted – with the prior approval by the competent authorities of both countries – notwithstanding that the minority share exclusively of a financial nature or as a technical-artistic contribution, shall not be less than ten (10) per cent of the budget of the film.
- (3) In the case the Italian co-producer or the Croatian co-producer is composed of more production companies, the financial contribution of each company shall not be less than five (5) per cent of the total budget of the film.

ARTICLE 7

Multilateral Productions

- (1) The Contracting Parties shall favourably view the realization of co-productions, achieving international standards, between Italy, Croatia and one or more countries to which Italy or Croatia are bound by an official co-production agreement.
- (2) The conditions for accepting such films shall be examined by the Contracting Parties on a case-by-case basis. The minority contribution to such films cannot be less than ten (10) per cent of the cost.
- (3) In the case the Italian co-producer or the Croatian co-producer or the co-producer of a third country or countries is composed of more production companies, the financial contribution of each company shall not be less than five (5) per cent of the total budget of the film.

ARTICLE 8
Film Negatives and Languages

- (1) The co-production contract must guarantee to each co-producer joint ownership of the original picture and sound negative. The contract shall include the provision that this negative shall be kept in a place mutually agreed by the co-producers, and shall guarantee them free access to it. The co-production contract must also guarantee to each co-producer the right to an internegative or to any other medium of duplication.
- (2) Each co-produced film shall be made in two versions, one in the Italian and one in the Croatian language.

ARTICLE 9
Temporary Entry

- (1) The Parties shall facilitate the temporary entry into and the re-export of any film equipment necessary for the production of films under this Agreement, subject to the domestic law in force in their countries.
- (2) Contracting Parties shall permit the creative and technical staff of the other Contracting Party to enter and stay in its territory without any restrictions for the purpose of participating in the production of such films, in accordance with the national legislation.

ARTICLE 10
Final settlement of Contributions

- (1) The minority co-producer shall pay the majority co-producer the outstanding balance of its contribution within sixty (60) days of the date of delivery of all the materials required to make the version of the film in the language of the minority country.
- (2) The benefits of the co-production shall be forfeited in the event of failure to comply with this condition.

ARTICLE 11
Twinning Arrangements

- (1) In accordance with the provisions of this Agreement and with the prior approval of the competent authorities, twinning arrangement productions may be considered to be co-productions, and be eligible for the same benefits. Notwithstanding the provisions of Article 6, in the case of a twinning arrangement the mutual participation of the producers of the two countries may be limited to a financial contribution alone.
- (2) In order to be approved by the competent authorities, these productions must meet the following conditions:
 - (A) There must be respective reciprocal investments and an overall balance with respect to the conditions of sharing the receipts of the co-producers in productions benefiting from twinning arrangements;
 - (B) Twinned productions shall be distributed under the comparable conditions in the Italian Republic and in the Republic of Croatia;
 - (C) Twinned productions may be produced simultaneously or consecutively, notwithstanding that in the latter case, no more than one (1) year shall elapse between the date of completion of the first production and the date on which work begins on the second.

ARTICLE 12
Sharing of Markets

- (1) Any contractual clauses governing the sharing of markets and receipts between co-producers shall require the approval of the competent authorities of the Contracting Parties. Such sharing shall, in principle, reflect the percentage of the respective contributions of the co-producers to the production of each film.

- (2) Where the co-production contract provides for the pooling of markets, the receipts from each national market shall be paid into the pool only after the national investments have been covered.
- (3) The premiums and financial benefits provided by Article 2 of this Agreement shall not be pooled.
- (4) Currency transfers resulting from the performance of this Agreement shall be fulfilled in accordance with the current national legislation in the two countries.

ARTICLE 13 **Contracts between Co-producers**

Contracts between co-producers shall clearly stipulate the financial obligations in respect of the apportionment of charges in relation to:

- a) preliminary expenses for the preparation of a project;
- b) expenses for a project approved by the competent authorities of the Contracting Parties in the event that the completed film is not compliant with the conditions under which such approval was issued;
- c) expenses for a film co-produced realized under this Agreement which fails to be awarded a certificate for public exhibition in either of the two countries.

ARTICLE 14 **Approval of a co-production proposal**

The issue of approval, by the competent authorities of the Contracting Parties of a co-production project, does not imply a commitment on those authorities to award a certificate for its public exhibition.

ARTICLE 15 **Export of film**

- (1) In the event that a co-produced film is exported to a country that sets import quotas, it shall in principle be counted as part of the quota of the Contracting Party with the majority co-producer;
- (2) In the event that the co-producers have equal shares in the film co-production, it shall be counted as part of the quota of the Contracting Party with the best possibilities of ensuring its public exhibition;
- (3) If any difficulties arise, the co-produced film shall be counted as part of the quota of the Contracting Party of which the film's director is a national.

ARTICLE 16 **Identification of Co-produced films**

- (1) All co-produced films shall be identified as "Italian-Croatian" or "Croatian-Italian" co-productions.
- (2) This wording shall appear clearly in opening separate credits, in all commercial advertising, and in presentations of the co-produced films at artistic and cultural events and at international festivals.

ARTICLE 17 **Presentation at International Festivals**

- (1) Co-produced films shall normally be presented at international festivals by the Contracting Party of the majority co-producer.
- (2) Co-produced films with equal contributions shall be presented by the Contracting Party of which the film's director is a national.

ARTICLE 18

Rules of Procedure for Co-productions and Application for Qualification

- (1) The competent authorities of the Contracting Parties shall jointly establish the rules of procedure for co-productions, taking into account of the national legislation governing the film industry in the Italian Republic and the current national legislation governing the same in the Republic of Croatia.
- (2) The application for a film to be declared eligible for co-production benefits shall always be filed, with the required supporting documents, at least thirty (30) days before the commencement of shooting of a film or animation films at early stage in accordance with the Rules of Procedure annexed to this Agreement.
- (3) In principle, the competent authorities of the Contracting Parties shall notify each other of their decisions regarding each co-production project as soon as possible, but not necessarily within the aforementioned limit of thirty (30) days.

ARTICLE 19

Joint Commission

- (1) During the validity of this Agreement, a Joint Commission consisting of officials of the Contracting Parties and experts, shall, in principle, meet once every two years alternating between the two countries. However, it may be convened in extraordinary session at the request of one or both competent authorities, particularly in the event of any major amendments to national legislation or regulations governing films, television and the audiovisual industries in one or other country, or in the event that particularly serious difficulties arise in the application of this Agreement.
- (2) The Joint Commission shall determine the existence of a numerical and percentage balance of co-productions and, if this is not the case, it shall determine the measures deemed necessary to establish such a balance.
- (3) The Joint Commission shall submit to the competent authorities of the Contracting Parties, for approval, any amendments deemed necessary to overcome any difficulties arising in the application of this Agreement and to improve it, in the interests of the Contracting Parties.

ARTICLE 20

Obligations of the Contracting Parties

No provisions of this Agreement prejudice any of the obligations on the Contracting Parties pursuant to international and Community law.

ARTICLE 21

Entry into Force

- (1) This Agreement shall enter into force on the date of the receipt of the last written notification by which the Contracting Parties have notified each other, through diplomatic channels, that their respective internal legal requirements for the entry into force of this Agreement have been fulfilled.
- (2) This Agreement shall remain in force for a period of five years. It shall be automatically renewed for the same periods, and upon every expiry date thereafter, unless one Contracting Party denounces it, in writing, at least six months before the expiry date.
- (3) The provisions of this Agreement shall be fully applied for the co-productions approved by the competent authorities and are still in progress when notice denouncing this Agreement is served by either Contracting Party, shall continue until they are completed. On the expiry or denunciation of this Agreement, its provisions shall continue to apply to the sharing of the revenues accruing from the completed co-productions.

ARTICLE 22
Amendments

This Agreement may be amended by the written consent of the Contracting Parties and the amendments shall enter into force according to the procedure stipulated in Article 21 paragraph (1) of this Agreement.

ARTICLE 23
Settlement of Disputes

Any dispute arising between the Contracting Parties in respect of the interpretation or application of this Agreement shall be settled amicably by negotiated consultations between them.

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto by their respective Governments, have signed this Agreement.

DONE at ZADAR on 10TH SEPTEMBER 2007 in two originals each in the Italian, Croatian and English languages, all the texts being equally authentic. In case of divergent interpretations, the English text shall prevail.

FOR THE GOVERNMENT OF
THE ITALIAN REPUBLIC



FOR THE GOVERNMENT OF
THE REPUBLIC OF CROATIA



ANNEX
RULES OF PROCEDURE

Applications for the eligibility of a film for co-production benefits shall, in principle, be filed simultaneously with the competent administrations, at least thirty (30) days before the date of a shooting of the film.

Applications must be accompanied by the following documents in the Italian language for the Italian Republic and in the Croatian language for the Republic of Croatia.

- I. A detailed treatment
- II. A document providing proof that the copyrights of the film adaptation have been legally acquired, or failing this, a valid option;
- III. The co-production contract, subject to the approval of the competent administrations of the two countries.

This document must include:

1. The title of the film;
2. The name of the author or of the person responsible for adapting the story if drawn from a literary source;
3. The name of the director (a safeguard clause is permitted for his replacement, if necessary);
4. The total budget;
5. The total financial contributions of the co-producers;
6. The sharing of receipts and markets;
7. The written undertaking of the producers to participate in any cost over-runs or in the benefits from any production cost savings, proportionate to their respective shares. The share of cost over-runs may be limited to 30% of the cost of the film;
8. A clause that must provide that the admission of the film to the benefits of the Agreement does not bind the competent authorities to permit the public exhibition of the film. Under the circumstances, therefore, there must be a clause setting out the conditions of a financial settlement between the co-producers:
 - a) if the competent authorities of either country refuse the application following examination of the complete file;
 - b) if the competent authorities do not permit exhibition of the film in either country or in third countries;
 - c) if the financial contributions have not been made according to the terms of Article 10 of the Agreement.
9. A clause establishing the measures to be taken if one co-producer is in partial breach of this Agreement;
10. A clause committing the majority co-producer to take out an insurance policy covering all production risks;
11. The approximate starting date of shooting.

V. The financial schedule

IV. The financing schedule.

V. The list of the technical and artistic equipment and personnel, and, for the personnel, their nationalities and the roles to be played by the actors.

VI. The production schedule.

The competent authorities of the two countries may require whatever further documents and additional information they deem necessary.

In principle, the final shooting script (including the dialogues) shall be submitted to the competent authorities before shooting begins.

Amendments, including the replacement of a co-producer, may be made to the original co-production contract as filed, and must be submitted for approval by the competent authorities of the two countries before the completion of the film.

A co-producer may only be replaced in exceptional cases and for reasons declared valid by the competent authorities.

The competent authorities shall notify each other of their decision, enclosing one copy of the documentation.