

**AGREEMENT ON FILM CO-PRODUCTIONS
BETWEEN THE GOVERNMENT OF THE ITALIAN REPUBLIC
AND THE GOVERNMENT OF THE REPUBLIC OF TURKEY**

PREAMBLE

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

ACKNOWLEDGING the ongoing development in their bilateral cultural relations and taking into account the existing bilateral Agreements;

CONSIDERING that the film, television, video and new media industries of their respective countries would benefit from co-productions that, by their technical quality and artistic and entertainment value, could enhance the reputation and contribute to the economic expansion of the film, television, video and new media production and distribution industries of Italy and Turkey;

HEREBY AGREE AS FOLLOWS:

ARTICLE 1

Definitions

- (1) For the purpose of this Agreement, an "audiovisual co-production" is a film project of any length, including animation and documentary productions, produced in any format, for exploitation primarily in movie theatres and then on television, videocassette, videodisc, CD-ROM or by any other form of distribution. New forms of audiovisual production and distribution will be included in this Agreement.

ARTICLE 2
National Film

- (1) Every co-production produced under this Agreement: will be by right entitled to the benefits granted to national films resulting from the provisions in force or from those which may be decreed by each Party. These benefits shall accrue solely to the producer of the Party that grants them.
- (2) Films to be co-produced by the Parties must be approved after consultation between the competent authorities of both Parties.

ARTICLE 3
Competent Authorities

- (1) The competent authorities responsible for the implementation of this agreement shall:
in the case of the Italian Republic: the Ministry of the Properties and the Cultural Activities, Cinema General Directorate
and in the case of the Republic of Turkey: the Ministry of Culture and Tourism, Directorate General of Copyrights and Cinema.

ARTICLE 4
Co-production

- (1) In order to qualify for the benefits of co-production, the co-producers shall provide evidence that they have a good technical organization, a recognized professional standing and qualification and available financial resources as necessary to complete the production.

ARTICLE 5

Filming

- (1) If the scenario or the subject of the film so requires, location shooting, exterior or interior, in a country not participating in the co-production may be authorized.
- (2) The producers, scriptwriters, directors and professionals of co-productions, as well as technicians participating in the production, must be nationals or permanent residents of the Italian Republic or of the Republic of Turkey or nationals of a member State of the European Union.
- (3) Should the film so require, the participation of professionals who are not citizens of one of the co-producing countries may be permitted, but only under exceptional circumstances and subject to agreement between the competent authorities of the Parties.
- (4) Foreign professionals who are normally employed in the Italian Republic or in the Republic of Turkey may under exceptional circumstances take part in co-production as permanent resident of Italy or Turkey.

ARTICLE 6

Contributions of the Producers

- (1) The respective contributions of the producers of the two countries may vary from twenty (20) to eighty (80) per cent for each film. In principle, the minority co-producer is required to give a substantial technical and creative contribution.
- (2) Derogations to the paragraph 1 are allowed, with the previous consent of the competent authorities of the Parties; in any case the minority quota, exclusively financial and/or with technical-

artistic contribution, can not be less than ten (10) per cent of the total budget of the film.

ARTICLE 7

Multilateral Productions

- (1) The Parties encourage co-productions of international quality level set up by Italy, Turkey and any other country to which Italy and/or Turkey are bound by an official co-production agreement.
- (2) The conditions of acceptance for such films shall be examined on a case by case basis by both Parties. No minority contribution to such films shall be less than ten (10) per cent of the budget.

ARTICLE 8

Film Negatives and Languages

- (1) Two negatives, or at least one negative and one duplicate negative will be made for any co-produced film. Each co-producer is the owner of one negative or of one duplicate negative and has the right to make a further duplicate or prints there from. Moreover, each co-producer shall be entitled to use the original negative in accordance with the conditions agreed upon between the co-producers themselves.
- (2) Two versions shall be made of any co-produced film and such versions shall be in Italian and in Turkish.

ARTICLE 9

Temporary Entry into the country

- (1) The Parties shall facilitate the temporary entry and the re-exportation of any film equipment necessary for the production of

films under this Agreement, subject to the law in force in their countries. Each Party shall permit the creative and technical staff of the other Party to enter and reside in its territory, without any restriction, for the purpose of participating in the production of these films.

ARTICLE 10

Payment of Contribution

- (1) The minority co-producer shall pay any balance outstanding on his contribution to the majority co-producer within sixty (60) days following delivery of all the materials required for the production of the version of the film in the language of the minority country.
- (2) Failure to meet this requirement shall result in the loss of the benefits of the co-production.

ARTICLE 11

Sharing of Markets

- (1) Contract clauses providing for the sharing of markets and receipts between co-producers shall be approved by the competent authorities of the Parties. Such distribution shall in principle be proportioned to the percentage of the respective contribution of the co-producers to the production of each film.
- (2) Where a co-production contract provides for the pooling of markets, receipts from each national market shall be paid into the pool only after the national investments have been covered.
- (3) Premiums and benefits provided for in Article 2 of the Agreement shall not be pooled.
- (4) The transfers of funds resulting from the application of this Agreement shall be made in accordance with the relevant law provisions of both countries.

ARTICLE 12

Contracts between Co-producers

- (1) Contracts between co-producers shall clearly stipulate financial liabilities with respect to:
- a) preliminary expenditures on the preparation of a project. The expenditures of co-production shall be incurred by the producers of the two countries who are realizing it;
 - b) expenditures on a project that has been approved by the competent authorities of the Parties but which, in its final form, does not meet the conditions included in the approval. The expenditures of co-production shall be incurred by the producers of the two countries who are realizing it;
 - c) expenditures on a film co-produced under this Agreement whose showing in public has not been authorized in either of the two countries concerned. The expenditures of co-production shall be incurred by the producers of the two countries who are realizing it.

ARTICLE 13

Approval of a co-production proposal

- (1) Approval of a proposal for the co-production of a film by the competent authorities of the Parties is in no way binding upon them with respect to the granting of permission to show the film thus produced.

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ARTICLE 14
Exporting of film

- (1) If a co-produced film is to be exported to a country that has quotas on film imports, it shall normally be included in the quota of the Party of the majority co-producer;
- (2) If the respective contributions of the co-producers are equal, the co-produced film shall be included in the quota of the Party that has better exploitation opportunities;
- (3) In case of difficulties the co-produced film shall be included in the quota of the Party of which the director of the film is a national.

ARTICLE 15
Identification of Co-production films

- (1) All co-produced films shall be identified as Italian-Turkish or Turkish-Italian co-productions.
- (2) Such identification shall appear in a separate credit title, in all commercial advertising, whenever co-produced films are presented, at artistic or cultural events and at international festivals.

ARTICLE 16
Entry in international Festivals

- (1) Co-produced films shall normally be entered in international festivals by the Party of the majority co-producer.
- (2) Films produced on the basis of equal contributions shall be entered by the Party of which the director is a national.

ARTICLE 17

Rules of Procedure and Application for Qualification

- (1) The competent authorities of the Parties shall jointly establish the rules of procedure for co-productions, taking into account the relevant laws regulating the film industry in the Italian Republic and the relevant laws in the Republic of Turkey.
- (2) Applications for qualification of a film for co-production benefits shall be filed, with the required supporting documents, in any case at least sixty (60) days before the start of shooting or key animation, in accordance with the Rules of Procedure which are attached to this Agreement.
- (3) In principle, the competent authorities of the Parties shall notify each other of their decisions regarding any such applications for co-production, as soon as possible, but not necessarily within the aforementioned limit of sixty (60) days.

ARTICLE 18

Mixed Commission

- (1) During the term of this Agreement a Mixed Commission, consisting of officials of both Parties and experts including directors and producers of both countries, shall meet in principle every two years alternately in the two countries. However, the Commission may be convened to an extraordinary session at the request of one or both competent authorities, particularly in the case of major changes in the law regulating films, television and video industries in one Party or in the other, or in case the enforcement of this Agreement faces serious difficulties.

- (2) The Mixed Commission shall determine whether the numerical and percentage balance of the co-productions has been respected and, if not, shall decide the measures deemed necessary to establish such a balance.
- (3) The Mixed Commission shall submit to the competent authorities of the two Parties, for approval, any amendment considered necessary to overcome any difficulty arising from the application of this agreement as well as to improve it, to the advantage of the Parties.

ARTICLE 19
Import Restrictions

- (1) No restriction shall be placed on the import, distribution and showing of Turkish film, television and video productions in the Republic of Italy or on that of Italian film, television and video productions in the Republic of Turkey other than those of the respective, including, in the case of the Italian Republic, the obligations deriving from the European Union's regulations:
- (2) In addition, the parties underline their determination to favour, by all possible means, the distribution in their respective countries of productions of the other Party.

ARTICLE 20
Entry into Force

- (1) This Agreement shall enter into force on the date of receipt of the second of two notifications with which each of the contracting Parties shall notify the other of the completion of any domestic procedure for giving effect to this Agreement and shall be valid for a period of five years.

- (2) It may be renewed for like periods by tacit agreement failing notice of termination in writing given by one of the contracting Parties at least six months prior to its expiry.
- (3) Co-productions which have been approved by the competent authorities and which are in progress at the time of denunciation of this Agreement by either Party, shall continue to benefit fully from the provisions of this Agreement until its termination. After expiry of this Agreement, its terms shall continue to apply to the division of revenues from completed co-productions.

ARTICLE 21
Amendment

- (1) This Agreement may be amended by mutual consent of the Parties through an exchange of notes, which will come into force according to the relevant procedure.

ARTICLE 22
Dispute Resolution

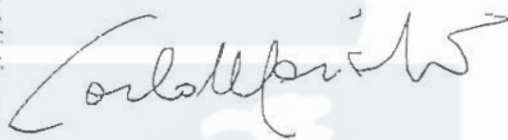
- (1) Any dispute between the Parties arising from the interpretation or implementation of this Agreement shall be settled amicably through negotiations between them.

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto by their respective Governments, have signed and sealed this Agreement in two originals, each one in the Italian, in the Turkish and in the English languages.

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DONE at Ankara on 30th March 2006 in the Italian, Turkish and English languages, all the texts being equally authentic. In case of divergence of interpretation, the English text shall prevail.

**FOR THE GOVERNMENT OF THE
REPUBLIC OF ITALY**



Carlo Marsili
Ambassador Extraordinary
and Plenipotentiary of
the Republic of Italy
to the Republic of Turkey

**FOR THE GOVERNMENT OF THE
REPUBLIC OF TURKEY**



Aygenur Alpaslan
Ambassador
Director General for
Overseas Promotion and
Cultural Affairs of the
Ministry of Foreign Affairs

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ANNEX

RULES OF PROCEDURE

Applications for qualification of a film for co-production benefits must be filed, in principle simultaneously, to the competent administrations no less than sixty (60) days prior to the start of shooting of the film.

Applications must be accompanied by the following documents in the Turkish language for the Republic of Turkey and in the Italian language for the Italian Republic:

- I. a detailed treatment;
- II. a document giving evidence that the copyright of the film adaptation has been legally acquired or, failing this, a valid option;
- III. the co-production contract, concluded 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 writer or of the person responsible for adapting the subject if it is drawn from a literary source;
3. the name of the director (a safety clause is permitted for his replacement, if necessary);
4. the amount of the budget;
5. the amount of the financial contributions of the co-producers;
6. the sharing of the receipts and markets;
7. the undertaking between the co-producers concerning their participation in any costs which exceed the budget or in the benefits

from any savings in the production cost, proportionate to their respective participation. The participation in over-expenditure may be limited to 30% of the budget of the film;

8. a clause in the contract must provide that the admission of the film to the benefits of the agreement does not bind the competent authorities to permit the public broadcasting of the film. There must be therefore 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 broadcasting 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 measures to be adopted if one of the co-producers does not entirely fulfill his commitments;
10. a clause which requires the majority co-producer to *take out* an insurance covering all production risks;
11. the approximate starting date of shooting;
- IV. the plan for financing the film;
- V. the list of the technical and artistic equipment and personnel, and, for the personnel, indication of their nationality and of the roles to be played by the actors;
- VI. the production schedule.

The competent authorities of the two Parties shall be entitled to demand any further documents and all other additional information as deemed necessary.

In principle, the final shooting script (including the dialogue) should be submitted to the competent authorities before starting the shooting.

Amendments to the contract, including the substitution of a co-producer, may be made in the original contract and must be submitted for approval to the competent authorities of the Parties before the film is finished.

The substitution of a co-producer may be allowed only in exceptional cases and for reasons considered as well founded by the competent authorities.

The competent authorities will keep each other informed of their decision, enclosing one copy of the file.

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