

**AGREEMENT ON FILM CO-PRODUCTION BETWEEN THE
GOVERNMENT OF THE STATE OF ISRAEL AND THE
GOVERNMENT OF THE FEDERATIVE REPUBLIC OF BRAZIL**

The Government of the State of Israel

and

The Government of the Federative Republic of Brazil
(hereinafter referred to as "the Parties"),

Mindful of the fact that mutual cooperation may serve the development of film and television production and encourage a further development of the cultural and technological ties between the two countries;

Considering that co-production may benefit the film industries of their respective countries and contribute to the economic growth of the film, television, video and new media production and distribution industries in Israel and in Brazil;

Noting their mutual decision to establish a framework for encouraging all audio-visual media output, especially the co-production of films;

Recalling the Cultural Exchange Agreement between the Government of the State of Israel and the Government of the Federative Republic of Brazil, signed in Rio de Janeiro, on November 24th, 1959;

Have therefore agreed as follows:

Article 1
Definitions

For the purpose of this Agreement:

1. "co-production" or "co-production film" means a cinematographic work, for the purposes of the relevant legislation both in Israel and Brazil, with or without accompanying sounds, regardless of format, length or genre, i.e. fiction, animation and documentary productions, financed and produced jointly by one or more Brazilian Co-producers and one or more Israeli Co-producers, for distribution through any venue or medium, including theatres, television, internet, videocassette, videodisc, CD-ROM or any similar means, including future forms of cinematographic production and distribution;

2. "Brazilian Co-producer" means one or more film and television production companies established in Brazil, in compliance with the Brazilian legislation in force, by whom the arrangements necessary for the making of the film are undertaken;

3. "Israeli Co-producer" means the Israeli person or one or more entities established in Israel by whom the arrangements necessary for the making of the film are undertaken;

4. The "Competent Authorities" means both Competent Authorities responsible for the implementation of this Agreement in regard to their own countries, as the case may be. The Competent Authorities are:

- In relation to Brazil, the Brazilian Film Agency – ANCINE;
- In relation to Israel, the Israel Film Council in the Ministry of Culture and Sports.

Article 2

Approval of projects

1. The Competent Authorities, acting jointly, may approve a co-production film which complies with the requirements set down in this Agreement and its Annex, and subject to the respective domestic legislation of the Parties.

2. Notwithstanding the preceding paragraph of this Article, the Competent Authorities may, in a given case, jointly authorize Co-producers to act in accordance with ad hoc rules, which they approve.

3. Films to be co-produced pursuant to this Agreement by the two countries must be approved by the Competent Authorities before filming begins.

4. The approval process shall comprise two stages: Provisional Approval upon application, and Final Approval upon completion of the Co-production film and prior to distribution.

5. Approvals shall be granted, in writing, under the respective domestic legislation of the Parties.

6. In order to qualify for the benefits of co-production, the Co-producers shall provide evidence that they have the proper technical organization, adequate financial support, recognized professional standing and qualifications to bring the production to a successful conclusion.

7. Approval shall not be given to a project where the Co-producers are linked by common management, ownership or control, except to the extent that such an association has been established specifically for the purpose of the co-production film itself.

8. Failure of a Party's Co-producer to fulfill the conditions according to which that Party has approved a co-production or a material breach of the co-production agreement by a Party's Co-producer may result in that Party revoking the co-production status of the production and the attendant rights and benefits.

Article 3 Benefits

Any co-production produced in pursuance of this Agreement shall be considered by the Competent Authorities as a national film, subject, respectively, to the domestic legislation of each Party. Such co-productions shall be entitled to the benefits to which the film and television production industry is entitled by virtue of each Party's domestic legislation or by those which may be decreed by each Party. These benefits accrue solely to the Co-producer of a country that grants them.

Article 4 Filming

1. Co-production Films made under this Agreement shall be filmed in the countries of the participating Co-producers.
2. The Competent Authorities may approve location filming— exterior or real life interior – in a country other than those of the participating Co-producers if the script so requires.
3. Notwithstanding Article 7, in the event location filming is approved in accordance with paragraph 2 of the present Article, citizens of the country in which location filming takes place may be employed as crowd artists, in small roles, or as additional employees, whose services are necessary for the location work to be undertaken.

Article 5 Negatives and First-Release Print

1. Where the co-production is made on film negative, the original negative shall be developed in a laboratory, chosen by common consent of the Co-producers, in Israel or Brazil, and shall be deposited therein in the joint names of the Co-producers.
2. At least one interpositive shall be made from the original negative.
3. Co-production Films shall be processed up to the manufacture of the first release print in Israel or Brazil or, in cases of multilateral co-productions, as stated in Article 9, in a third country involved in the co-production.

Article 6 Languages

1. The dialogue and narration of each Co-production Film shall be made in Portuguese or in Hebrew, or in any combination of those languages. Short passages of dialogue in other languages may be included in the Co-production Film, as the script requires.
2. The dubbing or subtitling into Portuguese shall be carried out in Brazil. Likewise, the dubbing or subtitling into Hebrew shall be carried out in Israel. Any departure from this principle must be approved by the Competent Authorities.

3. Dubbing or subtitling into languages other than Portuguese or Hebrew may, however, be carried out in other countries.

Article 7 Participants

1. The scriptwriters, directors, performers, and other artistic or technical personnel participating in co-productions must, in principle, be nationals or permanent residents of Israel or Brazil in accordance, respectively, with the domestic legislation of the Parties, or, where there is a third Co-producer, nationals or permanent residents of that Co-producer's country.
2. Should the co-production so require, the participation of professionals who do not fulfill the conditions provided by paragraph (1) may be permitted, in exceptional circumstances, and subject to the approval of the Competent Authorities.
3. Participants in a Co-production Film as defined in this Article must at all times throughout the production retain their national status, and may not acquire or lose such status at any point during the course of production activity.

Article 8 Contributions from Co-producers

1. The respective financial contributions of the Brazilian Co-producer and the Israeli Co-producer may vary from 20% (twenty per cent) to 80% (eighty per cent) of the total production cost for each co-production film. In addition, the Co-producers shall be required to make an effective technical and creative contribution, proportional to their financial investment in the co-production film. The technical and creative contribution should be comprised of the combined share of artistic (writers, directors, performers etc) and technical-production personnel, as well as laboratories and facilities.
2. Any exception to the abovementioned principles must be approved by the Competent Authorities, who may, in special cases, authorize that the respective contributions by the producers of the two countries vary from ten 10% (ten per cent) to 90% (ninety per cent).
3. In the event that the Israeli Co-producer or the Brazilian Co-producer is composed of several production companies, the contribution of each company from the same country shall not be less than 5% (five per cent) of the total budget of the co-production film.

Article 9 Multilateral Co-productions

1. The Competent Authorities may jointly approve a project for a Co-production Film under this Agreement that is to be made in conjunction with Co-producers from one or more countries with which either or both of the Parties have signed a Film or Audiovisual Co-production Agreement.

2. Approvals under this Article shall be limited to proposals in which the total contributions of a third country Co-producer (or of third country Co-producers taken together) are not less than 10% (ten per cent) of the total production cost and no greater than the lesser of the individual contributions of the Israeli or the Brazilian Co-producers.

3. In the event that the Co-producer from a third country is composed of several production companies, the contribution of each company shall not be less than 5% (five per cent) of the total budget of the co-production film.

Article 10 Intellectual Property Rights

1. The Co-producers shall ensure that intellectual property rights in a co-production that are not owned by them will be available to them through license arrangements sufficient to fulfill the objectives of this Agreement, as stipulated in par. 3(b) of the Annex.

2. Allocation of intellectual property rights in a co-production film, including ownership and licensing thereof, shall be made in the co-production contract.

3. Each Co-producer shall have free access to all the original co-production materials and the right to duplicate or print there from, but not the right to any use or assignment of intellectual property rights in the said materials, except as is determined by the Co-producers in the co-production contract.

4. Each Co-producer shall be an owner on a joint basis of the physical copy of the original negative or other recording media in which the master co-production is made, not including any intellectual property rights that may be embodied in the said physical copy, except as is determined by the Co-producers in the co-production contract.

Article 11 Temporary Entry

The Parties shall facilitate the temporary entry and the re-export of any film equipment and materials necessary for the production of co-production films under this Agreement, subject to their respective domestic legislation. Each Party shall do their utmost, under its domestic legislation, to permit the creative and technical staff of the other Party – or of a third country in cases of multilateral co-productions – to enter and temporarily reside in its territory for the purpose of participating in the production of co-production films.

Article 12 Permission for Public Exhibition

1. Approval of a proposal for the co-production of a film by the Competent Authorities does not imply any permission or authorization to show or distribute the film thus produced.

2. Permission for public exhibition shall be granted in accordance with the domestic legislation in both Israel and Brazil respectively.

Article 13
Exporting of Co-production Films

1. If a co-produced film is marketed in a country that has quota regulations in regard to both the Parties, it shall be included in the quota of the Country which is the majority Co-producer.
2. In the event that the contributions of the Co-producer are equal, the co-production shall be included in the quota of the country of which the director of the co-production is a citizen or a permanent resident.
3. If a co-produced film is marketed in a country that has quota regulations in regard to one of the Parties, the co-produced film shall be marketed by the Party in regard to whom there is no quota.
4. In the event that a co-produced film is marketed in a country that has quota regulations in regard to one or both of the Parties, the Competent Authorities may agree on arrangements, in regard to the quota regulations that differ from those set out in paragraphs 1, 2 and 3 of this Article.
5. In all matters concerning the marketing or export of a co-production film, each Party will accord the co-production film the same status and treatment as a domestic production, subject to their respective domestic legislation.

Article 14
Credits

1. All co-produced films shall be identified as a "Israeli-Brazilian Co-production" or an "Brazilian-Israeli Co-production" or where relevant, include a credit which reflects the participation of Israel, Brazil and the country of a third Co-producer.
2. Such identification shall appear as a separate title in the opening credits of the Co-production film whenever it is shown at a public performance, as well as in all commercial advertising and promotional material associated with the Co-production film.

Article 15
International Festivals

1. The majority Co-producer shall normally enter Co-production Films in international festivals.
2. Co-production Films produced on the basis of equal contributions shall be entered as Co-production Films of the country of which the director is a national.

Article 16
Joint Commission

1. The Parties may establish a Joint Commission, with equal number of representatives from both countries. The Joint Commission shall meet, when necessary, at the request of one or both Competent Authorities, alternately in Jerusalem and in Rio de Janeiro.
2. The Joint Commission shall, inter alia:
 - Review the implementation of this Agreement.
 - Determine whether the overall balance between the Parties has been achieved, considering the number of co-productions, the percentage, the total amount of the investments and of the artistic and technical contributions. If not, the Commission shall determine the measures deemed necessary to establish such balance.
 - Recommend means to generally improve cooperation in film co-production between Israeli and Brazilian producers.
 - Recommend amendments to this Agreement to the Competent Authorities.
3. The members of the Joint Commission shall be agreed upon by the Competent Authorities, and notified through diplomatic channels.

Article 17
Amendments

This Agreement may be amended in writing by mutual consent of the Parties. Any modification of the Agreement or of the appended Annex shall follow the same procedures for entering into force as are specified in Article 19.

Article 18
Dispute Settlement

Disputes between the Parties concerning the interpretation or implementation of this Agreement that cannot be settled by the Joint Commission according to Article 16 within two months shall be settled through diplomatic channels.

Article 19
Entry into force

1. This Agreement, including its Annex, shall enter into force on the date of the second of the Diplomatic Notes by which the Parties notify each other that their internal legal procedures of its entry into force have been complied with.

2. This Agreement, including its Annex, which constitutes an integral part of this Agreement, shall be valid for a period of five (5) years and shall automatically be extended for additional periods of five (5) years each, unless terminated by either Party giving at least six (6) months written prior notice to the other Party of its intention to terminate the Agreement.

3. Co-productions which have been approved by the Competent Authorities and which are in progress at the time of notice of termination of this Agreement by either Party shall continue to benefit fully from the provisions of this Agreement until completion.

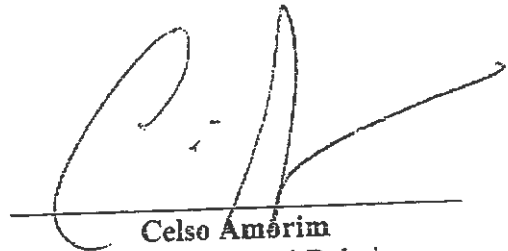
Signed in Brasília, on november 11, 2009 which corresponds to the 24th day of Cheshvan, 5770, in two original copies in the Hebrew, Portuguese and English languages, all texts being equally authentic. In case of divergence, the English text shall prevail.

FOR THE GOVERNMENT OF THE
STATE OF ISRAEL



Giora Becher
Ambassador

FOR THE GOVERNMENT OF THE
FEDERATIVE REPUBLIC OF BRAZIL



Celso Amorim
Minister of External Relations

**ANNEX
RULES OF PROCEDURE**

1. Applications for qualification of a film for co-production benefits must be filed with the Competent Authorities at least thirty (30) days prior to the commencement of filming or key animation of the film.
2. The Competent Authorities shall notify each other of their decision regarding any such application for co-production within thirty (30) days from the date of submitting the complete documentation listed in the Annex to this Agreement.
3. Applications must be accompanied by the following documents in the Portuguese language for Brazil and in the Hebrew or English languages for the State of Israel.
 - a. A synopsis of the film;
 - b. A proof of license arrangements with respect to intellectual property rights, of any sort, including in particular copyright and neighboring rights ("neighboring rights" shall be understood as including, inter alia, moral rights, performers' rights, phonogram producers' rights and broadcasters' rights), embodied in, or arising from, a co-production, to an extent sufficient for purposes of fulfilling the objectives of the co-production contract, including clearance arrangements for public performance, distribution, broadcast, making available by internet or otherwise, and sale or rental of physical or electronic copies of the co-production in the territories of the Parties' home countries as well as in third countries, and including copyright and neighboring rights clearance with respect to any literary, dramatic, musical or artistic work which has been adapted by the applicant for purposes of the co-production;
 - c. A copy of the co-production contract signed by the Co-producers, which is subject to the approval of the Competent Authorities.
 - d. The list of required equipment as well as creative and technical personnel, including nationality of personnel and the roles to be played by the performers;
 - e. The production schedule;
 - f. A distribution agreement, if one has been concluded.
4. The co-production contract must make provision for the following issues:
 - a. The title of the film, even if provisional;
 - b. The name of either
 - the writer of the original script or
 - the person responsible for adapting the subject if it is drawn from a literary source;
 - c. The name of the director (a safety clause is permitted for his replacement, if necessary);
 - d. The budget of the film;
 - e. The plan for financing the film;

- f. The amount of the financial contributions of the Co-producers;
 - g. The financial undertakings of each producer in respect of the percentage apportionment of expenditures with regard to development, elaboration, production and post-production costs up to the creation of the answer print.
 - h. The distribution of revenue and profits including the sharing or pooling of markets;
 - i. The respective participation of the Co-producers in any costs which exceed the budget or in the benefits from any savings in the production cost (this participation shall, in principle, be proportional to the co-producers' contributions);
 - j. Allocation of intellectual property rights in a co-production film, including ownership and licensing thereof.
 - k. A clause in the contract must recognize that the approval of the film, entitling it to benefits under the agreement, does not obligate the Competent Authorities of either Party to permit the public screening of the film. Likewise, the contract must set out the conditions of a financial settlement between the Co-producers in the event that the Competent Authorities of either Party refuse to permit the public screening of the film in either country or in third countries.
 - l. A clause prescribing the measures to be taken in case the Competent Authority of either country refuses the application following examination of the complete file;
 - m. A clause specifying the dates by which the respective contributions of the Co-producers to the production of the film shall have been completed;
 - n. A clause providing for the sharing of the ownership of copyright on a basis that it is proportionate to the respective contributions of the Co-producers.
 - o. Breach of the co-production contract;
 - p. A clause which requires the major Co-producer to take out an insurance policy covering all production risks;
 - q. The approximate starting date of filming;
 - r. the manner in which the co-production shall be entered in international festivals;
 - s. Other provisions required by the Competent Authorities.
5. The Co-producers will provide any further documentation and information, which the Competent Authorities deem necessary in order to process the co-production application or in order to monitor the co-production or the execution of the co-production agreement.
 6. Material provisions in the original co-production contract may be amended subject to prior approval by the Competent Authorities.
 7. The replacement of a Co-producer is subject to the prior approval by the Competent Authorities.