AGREEMENT
BETWEEN
THE GOVERNMENT OF THE STATE OF ISRAEL
AND
THE GOVERNMENT OF THE REPUBLIC OF LITHUANIA
ON FILM CO-PRODUCTION

The Government of the State of Israel and the Government of the Republic of Lithuania (hereinafter referred to as the "Parties");

Mindful of the fact that mutual cooperation may facilitate the development of film production and encourage the further development of the cultural and technological ties between the two states;

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

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

Recalling the Agreement on Cultural, Educational and Scientific Cooperation between the Government of the State of Israel and the Government of the Republic of Lithuania signed on 10 October 1994 and in particular Article 10 thereof;

Have agreed as follows:

Article 1

For the purpose of this Agreement:

1. "Co-production" or "co-production film" means a cinematographic work, with or without accompanying sounds, regardless of length or genre, including fiction, animation and documentary cinematographic works, made by an Israeli co-producer and a Lithuanian co-producer, produced in any format, for distribution through any venue or medium, including cinemas, television, internet, DVD, Blu-ray or any similar means, including future forms of cinematographic production and distribution;

2. "Co-producer" means a Israeli or Lithuanian entity engaged in film production activities;

3. The "Competent Authorities" means both Competent Authorities responsible for the implementation of this Agreement or either Competent Authority in regard to its own state, as the case may be. The Competent Authorities are:

- For the Israeli side: the Ministry of Culture and Sport or its designee(s).
- For the Lithuanian side: the Lithuanian Film Centre under the Ministry of Culture.

Article 2

1. Films to be co-produced pursuant to this Agreement by the two states must be approved by the Competent Authorities.

2. Any co-production produced in pursuance of this Agreement shall be considered by the Competent Authorities as a national film subject, respectively, to the legislation applicable in the state of each Party. Such co-productions shall be entitled to the preferential treatment to which the film production industry is entitled by virtue of each Party's legislation applicable in the state or to those benefits which may be decreed by each Party. This preferential treatment accrues solely to the co-producer of a state that grants them.

3. Failure of a Party's co-producer to fulfil the conditions according to which that Party has approved a co-production or a material breach of this 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 the preferential treatment.

Article 3

1. In order to qualify for the benefits of co-production, the co-producers shall provide evidence that they have the adequate technical organization, financial support, recognized professional standing and qualifications 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, except to the extent that such an association has been established specifically for the purpose of the co-production film itself.

Article 4

1. Co-production films shall be made, processed, dubbed or subtitled up to creation of the first release print in the states of the participating co-producers. However, if a scenario or the subject of the film so requires, location shooting, exterior or interior, in a state not participating in the co-production may be authorized by the Competent Authorities. Similarly, if processing, dubbing or subtitling services of satisfactory quality are not available in a state participating in the co-production, the Competent Authorities may authorize the procurement of such services from a supplier in a third state.

2. The producers, authors, scriptwriters, performers, directors, professionals and technicians participating in co-productions, must be citizens or permanent residents of the State of Israel or the Republic of Lithuania, in accordance, respectively, with the legislation applicable in the states of the Parties.

3. Should the co-production so require, the participation of professionals

who do not fulfil the conditions provided by paragraph 2 may be permitted, in exceptional circumstances, and subject to the approval of the Competent Authorities.

4. Use of any other languages in a co-production other than the languages permitted according to the legislation applicable in the states of the Parties may be added to the co-production if the screenplay requires it.

Article 5

1. The respective contributions of the producers of the two states may vary from twenty (20) to eighty (80) per cent 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 authors, performers, technical-production personal, laboratories and facilities.
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 states vary from ten (10) to ninety (90) per cent.

2. In the event that the co-producer from Israel or Lithuania is composed of several production companies, the contribution of each company shall not be less than five (5) per cent of the total budget of the co-production film.

3. The Parties may encourage co-productions with other States that they have concluded co-production agreements with.

4. In the event that a producer from a third state is authorized by the Parties

to participate in the co-production its contribution shall not be less that ten (10) per cent. In the event that the co-producer from a third state is composed of several production companies, the contribution of each company shall not be less than five (5) per cent of the total budget of the co-production film.

Article 6

1. The Parties shall encourage co-productions that meet generally accepted international technical standards.

2. The conditions for approving co-production films referred to in paragraph 1 of this Article shall be jointly agreed upon by the Competent Authorities, on a case by case basis, subject to the provisions of this Agreement and to the respective legislation applicable in the states of the Parties.

Article 7

1. The co-producers shall ensure that intellectual property rights in the works used in a co-production film that are not owned by them will be available to them through license arrangements sufficient to fulfil the objectives of this Agreement, as stipulated in paragraph 3(a) 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 original co-production materials and the right to duplicate them, 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.

5. Where the co-production is made on film negative, the negative will be developed in a laboratory chosen mutually by the co-producers, and will be deposited therein, on an agreed name.

Article 8

The Parties shall facilitate the temporary entry and the re-export of any film equipment necessary for the production of co-production films under this Agreement, subject to the respective legislation applicable in their states. Each Party shall do their utmost, under the legislation applicable in its state, to permit the creative and technical staff of the other Party to enter and reside in its territory for the purpose of participating in the production of co-production films.

Article 9

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.

Article 10

1. If a co-produced film is marketed in a state that has quota regulations in regard to both the Parties, it shall be included in the quota of the state which is the majority co-producer. In the event that the contributions of the co-producer are equal the co-production shall be included in the quota of the state to which the director of the co-production holds citizenship or permanent residency.

2. If a co-produced film is marketed in a state 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.

3. In the event that a co-produced film is marketed in a state 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 and 2 of this Article.

4. 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 the respective domestic legislation applicable in its state.

Article 11

1. All co-produced films shall be identified as Israeli-Lithuanian or Lithuanian-Israeli co-productions.

2. Such identification shall appear in a separate credit title, in all commercial

advertising and promotional material, and whenever co-produced films are shown at any public performance.

Article 12

The Competent Authorities shall act in accordance with the Rules of Procedure appended in the Annex hereto, which constitute an integral part of this Agreement, but may, in a given case, jointly authorize co-producers to act in accordance with ad hoc rules, which they approve.

Article 13

1. The Parties may establish a Joint Commission, with equal number of representatives from both states. The Joint Commission shall meet, when necessary, alternately in Jerusalem and in Vilnius.

2. The Joint Commission shall, inter alia:
- Review the implementation of this Agreement.
- Determine whether the overall balance of the co-production film has been achieved, considering the number of co-productions, the percentage and the total amount of the investments and of the artistic and technical contributions.
- If the overall balance of the co-production has not been achieved, 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 Lithuanian producers.
- Recommend amendments to this Agreement to the Competent Authorities.

3. The members of the Joint Commission shall be agreed upon by the Parties

in writing.

Article 14

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 16.

Article 15

Any differences between the Parties arising from the implementation of this Agreement shall be settled through diplomatic channels.

Article 16

1. This Agreement shall enter into force on the date of the receipt of the second of the diplomatic notes by which the Parties notify each other that their internal legal procedures necessary for its entry into force have been complied with.

2. 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 Vilnius on January 7th, 2022 which corresponds to the 5 of Shvat, 5782, in two original copies in the Hebrew, Lithuanian and English languages, all the texts being equally authentic. In case of any divergence of interpretation of the Agreement, the English text shall prevail.

For the Government of the State of Israel

For the Government of the Republic of Lithuania

Annex

RULES OF PROCEDURE

1. Applications for qualification of a film for co-production benefits must be filed concurrently with both Competent Authorities at least sixty (60) days prior to the commencement of shooting 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 Hebrew or English languages for the State of Israel and in the Lithuanian or English languages for Lithuania:

a) Documents proving that co-producers have concluded all necessary license arrangements with respect to intellectual property rights, of any sort for use in a co-production including in particular copyright and neighbouring rights ("neighbouring rights" shall be understood as including, inter alia, moral rights, performers' rights, phonogram producers' rights and broadcasters' rights), to an extent sufficient for purposes of fulfilling the objectives of the co-production contract, including clearance arrangements for the use and distribution of the co-production in any other ways or means, including broadcast, sale and rental.

b) The signed co-production contract, which is subject to the approval of the Competent Authorities.

4. The co-production contract shall contain provision for the following issues:

a) The title of the film, even if provisional;

b) The name of the writer or the person responsible for adapting the subject if it is drawn from literary source;

c) The name of the director (a safety clause is permitted for his replacement, if necessary);

d) A synopsis of the film;

e) The budget of the film;

f) The plan for financing the film;

g) The amount of the financial contributions of the co-producers;

h) The financial undertakings of each co-producer in respect of the percentage apportionment of expenditures, including development, production and post-production costs up to the creation of the answer print;

i) The distribution of revenue and profits;

j) 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;

k) Allocation of intellectual property rights in a co-production film, including ownership and licensing thereof;

l) A clause in the contract must provide for that the approval of the film, entitling it to preferential treatment 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 state or in third states.

m) Responsibility for the breach of the co-production contract;

n) A clause which requires the major co-producer to take out an insurance policy to cover all production risks;

o) The approximate starting date of shooting;

p) The list of required equipment (technical, artistic or other) and personnel, including nationality of personnel and the roles to be played by the performers;

q) The production schedule;

r) A distribution agreement, if one has been concluded;

s) The manner in which the co-production shall be entered in international festivals;

t) 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 project or contract.

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.

8. The participation of a producer from a third state in the co-production is subject to the prior approval of the Competent Authorities. The contribution of the third state should be no more than thirty (30) percent of the total budget of the co-production.