



# Recommendation of the Council concerning the Conclusion of Bilateral Agreements for the Co-Production of Films

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## Background Information

The Recommendation concerning the Conclusion of Bilateral Agreements for the Co-Production of Films was adopted by the OECD Council on 21 July 1964 on the proposal of the Committee on Capital Movements and Invisible Transactions (succeeded by today's Investment Committee). The Recommendation recommends default standards and rules for the co-production of films which are set out in the Appendix. It is thematically linked to Annex A to the Codes of Liberalisation of Current Invisible Transactions.

**THE COUNCIL,**

**HAVING REGARD** to Article 5 b) of the Convention on the Organisation for Economic Co-operation and Development of 14 December 1960;

**HAVING REGARD** to the Report by the Committee for Invisible Transactions of 30 April 1964 on Further Liberalisation under Item E/1, Printed Films, in Annex A to the Code of Liberalisation of Current Invisible Operations [C(64)17];

**On the proposal of the Committee for Invisible Transactions;**

**I. RECOMMENDS** Member Governments wishing to conclude bilateral agreements for the co-production of films to take into account the guidance given in the Appendix, when drawing up such agreements.

**II. DECIDES** Member countries shall report to the Organisation by 20 July 1966 on the measures taken by them to implement the provisions of Section I above and, if appropriate, shall communicate the text of the bilateral agreements for the co-production of films which they have concluded.

**APPENDIX****GUIDANCE FOR THE PREPARATION OF BILATERAL AGREEMENTS FOR THE CO-PRODUCTION OF FILMS**

1. Films produced under co-production arrangements and entitled to the benefit of a co-production agreement should be awarded the same treatment as domestically produced films by the signatory countries to the agreement. In particular, they should automatically enjoy the advantages due to domestically produced films under the law in force in either signatory country.

2. Only producers disposing of adequate technical and financial resources for the proper completion of films should enjoy the advantages accruing under a co-production agreement.

3. a) The directors of films produced under co-production agreements and the teams of artists and technicians participating in them should, as a general rule, be representative of the culture of one of the signatory countries.

b) Foreign directors, actors or technical production assistants should be allowed to participate by way of exception subject to such conditions and within such limits as may be determined by the signatory countries.

4. a) When films made under co-production arrangements are filmed in the studio they should, as a general rule, be produced in the territory of the signatory countries. By way of exception, when exterior scenes are filmed in other countries permission may be granted for part of the studio filming to take place in these countries within limits to be determined by the signatory countries.

b) Films produced from existing film material should not be entitled to the benefit of a co-production agreement.

5. One negative or one dupe-negative of a film produced under co-production arrangements should be the property of each co-producer. In the event that, by common accord between co-producers, there is only one negative, this should become the joint property of the co-producers, appropriate steps being taken by the signatory countries to ensure that it is freely available to each such co-producer.

6. a) The contribution of a co-producer to the production of a film should not, as a general rule, be less than 30 per cent of the cost of the film.

- b) As a rule the same proportion should be observed as regards the employment of artistic and technical personnel and the use of technical installations and equipment.

7. Each signatory country should grant the facilities necessary for the movement and temporary residence of the artistic and technical personnel engaged in the making of a co-production film, and for the import into or export from either country of the material necessary for the making and showing of such films (film, equipment, sets, advertising matters, etc.).

8. a) When exhibited and advertised co-production films should carry an express indication that they are co-productions, such indication should be shown on a title card side-by-side with, but clearly separate from, the title, and should appear in all commercial publicity and in the showing of films at artistic and cultural events, especially international festivals.

- b) In the event of disagreement between the co-producers, the film concerned should be presented at international festivals by the producer who has the larger share in the production and, where the shares are equal, by the producer who nominated the director.

9. a) When a co-production film is exported to a country where film imports are under quota, it should in principle be counted against the quota of the country of the producer who has the larger share in it.

- b) Where the two co-producers have equal shares, the film should be counted against the quota of the signatory country having the better facilities for export to the market in question.

- c) In case of doubt, the film should be counted against the quota of the signatory country to which the director belongs.

- d) If either signatory country is entitled to the unlimited export of its own films to the importing country, co-production films should, as far as possible, benefit from the same advantage.

10. a) The receipts from the commercial showing of the film in all parts of the world, including receipts earned on domestic markets, should be divided in strict proportion to contributions, by a formula to be decided for each case: percentages or geographic distribution of markets, allowing in the last case for the possible difference in capacity of the signatory countries' markets. A combination of these different formulas should also be possible.

- b) The provisions of paragraph 1 concerning the advantages due to domestically produced films under the law in force in each signatory country should apply in all cases.

- c) The competent authorities in both signatory countries should settle upon whichever of the formulas referred to in sub-paragraph a) above is to apply.

11. a) The authorities in the signatory countries should follow this guidance if they consider making films under co-production arrangements between their countries and other countries with which one of the signatory countries has concluded a co-production agreement.

- b) Subject to the same conditions producers from the signatory countries may be permitted by the authorities in their countries to produce films in collaboration with producers from non-signatory countries so as to enable these so-called "co-participation" films to benefit from the same advantages as films made under co-production arrangements.

12. Even after the date fixed for its expiry, a co-production agreement should remain valid for the apportionment of receipts in respect of co-production films made under an agreement concluded in accordance with this guidance.

13. a) The authorities of the signatory countries should determine by common accord the rules of procedure to be followed in the admission of films to the benefit of co-production.

b) A co-production agreement should provide that any form of authorisation which is granted by the authorities of the signatory countries makes it clear that such an authorisation in no way commits them with regard to the public showing of the film concerned.

c) The agreement should similarly provide that the contracts between co-producers include a clause specifying in what way accounts will be settled between them if the film does not obtain provisional or final authorisation for co-production or a licence for public showing.

14. a) As a rule, during the period of validity of a co-production agreement, a joint commission of officials and experts of the signatory countries should meet periodically in each of the signatory countries in turn; there should also be provision for its meeting at the request of either of the signatory countries.

b) The function of the joint commission should be to consider and settle any dispute or controversy arising out of the application of a co-production agreement, to supervise its implementation, to consider any such amendments as may appear necessary, and to propose arrangements for its renewal. It should, in particular, review periodically the share of the financial, artistic and technical contributions imputable to either co-producer to the aggregate of films made under co-production arrangements.

15. A co-production agreement should be valid for a period of one year and, unless terminated by either signatory country not less than three months before the date of expiry, remain in force from year to year.

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