

Film Co-production Agreement
between
the Government of the Kingdom of Morocco
and
the Government of Hungary

The Government of the Kingdom of Morocco and the Government of Hungary, hereinafter referred to as "the Parties",

Considering that there is potential for the film industries of each country to work together on account of shared or complementary characteristics that include the structure of each film industry, the film culture of each country and the extent of the availability in each country of film-making facilities, a suitably skilled workforce and locations for filming,

Recognizing that development of such potential will be to the mutual advantage of each Party, in particular in respect of the growth and competitiveness of their film industries and the enhancement of their film cultures,

Noting the benefits available in each country to films with national film status,

Desiring to encourage the making of films that reflect, enhance and convey the diversity of culture and heritage in both countries,

Acknowledging the benefits that would flow from the making of such films and from an increase in public availability of distinctive and successful co-produced films, and

Noting that this Agreement would contribute to the development of filmmaking and to the enrichment of the cultural landscape of their countries, while preserving an overall balance with regard to the contribution of each of them in co-produced films and to the benefits obtained by the two countries from this cooperation and its cultural impact.

Have agreed as follows:

Article 1

Definitions

1) In this Agreement:

"Agreement" means this Agreement, including the Annex which forms an integral part of it; and any reference to "an Article" means an Article in this Agreement unless otherwise stated.

"Approved Co-production" means a co-produced film which has Approved Co-Production status in accordance with Article 3.

"Co-producer" means anyone who has the right to participate in the production of a film in accordance with legislative and regulatory texts in force in each country.

"Competent Authority" means:

(a) in relation to the Kingdom of Morocco, the "Centre Cinematographique Marocain",

(b) in relation to Hungary, the National Film Office,

or a governmental Department or other body as may be nominated by a Party in writing to the other Party.

"EEA State" means a State (other than Hungary) which is a Contracting Party to the Agreement on the European Economic Area signed at Oporto on 2nd May 1992 (as it has effect from time to time);

"Film" includes any record made of a sequence of visual images, which is a record capable of being used as a means of showing that sequence as a moving picture, irrespective of length or format for distribution in theatres, on television, videocassette, videodisc or any other form known or yet to be invented or used and determined as film in the national legislation of each Party (in Morocco, laws and regulation relating to the film industry and audio-visual production sector, in Hungary the up-to-date version of the Hungarian Motion Picture Act).

"Party Co-producer" means a Kingdom of Morocco Co-producer or a Hungarian Co-producer.

"Non-party Co-producer" means a co-producer who is neither a Party Co-producer nor a Third-Party Co-producer.

"Third Party Co-producer" means a co-producer who is established in another State with whom the Kingdom of Morocco or Hungary has concluded a co-production Agreement.

"Kingdom of Morocco Co-producer" means a co-producer who is established in the Kingdom of Morocco:

"Hungarian Co-producer" means a co-producer who is established in Hungary.

"Production Cost", in relation to a co-production, means expenditure incurred for the purposes of making the film.

References to film-making contribution benefiting the Kingdom of Morocco and Hungary, each include, in particular, the expenditure in that country on goods and services which directly results from the co-production and the use made of film-making facilities or filming locations in that country.

- 2) For the purposes of this Agreement, the production of a film is completed only after the competent authorities approve, on reasonable grounds that the film is ready for copies to be made, and for it to be distributed for presentation to the general public.

Article 2

Competent Authorities

- 1) In determining an application for the grant of Approved Co-production status, a Competent Authority shall assess the application against the requirements which

are set out in this Agreement and are applied in accordance with guidance published by the Competent Authority under this Article.

- 2) Each Competent Authority may from time to time publish guidance consisting of information and advice with respect to how applications are to be made to the Competent Authority and, it may, in particular, set out:
 - a) How the Competent Authority proposes to make decisions on applications for the grant of Approved Co-production status.
 - b) Factors it will take into account when exercising any discretion conferred on it by this Agreement; and
 - c) Information about the operation and interpretation of this Agreement.
- 3) The Competent Authorities shall jointly determine the procedure that they will follow in arriving at any joint decisions required by this Agreement.

Article 3

Grant of Approved Co-production status

- 1) A co-produced film which meets the requirements set out in this Agreement may be granted Approved Co-production status.
- 2) Approved Co-production status shall only be granted if:
 - a) an application in respect of a film is made to each of the Competent Authorities in accordance with the procedures established under Article 2, and
 - b) both Competent Authorities agree to approve the application in accordance with this Article.
- 3) Approval of an application in respect of a film shall be given in two stages:
 - a) provisional approval, and
 - b) final approval.
- 4) Provisional or final approval shall be given:
 - a) only if the requirements set out in Article 4 are met, and
 - b) subject to such conditions as the Competent Authorities (acting jointly) consider appropriate.
- 5) For the purposes of eligibility for the benefits referred to in Article 9, a film shall be treated as having Approved Co-production status only if:

- a)* the Competent Authorities have agreed to give the film final approval under this Article, and
 - b)* that approval has not been withdrawn.
- 6) For all other purposes:
 - a)* references to the grant of Approved Co-production status are the giving of either final approval or provisional approval under this Article, and
 - b)* a film shall be treated as having Approved Co-production status if either stage of approval has been given and that approval has not been withdrawn.
- 7) If at any stage the Competent Authorities do not agree to approve an application in respect of a film, Approved Co-production status shall be refused.
- 8) Nothing in this Agreement binds the relevant authorities in the Kingdom of Morocco or in Hungary to permit the public exhibition of a film that has been granted Approved Co-production status.

Article 4

Requirements for Approved Co-production status

- 1) A film may be granted Approved Co-production status only if the Competent Authorities agree that:
 - a)* subject to paragraph (3) of this Article, the general requirements set out in the Annex to this Agreement are (or are expected to be) met in relation to the co-production, and
 - b)* the film delivers (or is expected to deliver) appropriate cultural benefits to the country of the Competent Authority, and
 - c)* any temporary additional requirements that are imposed under Article 6 in relation to the grant of Approved Co-production status by that Competent Authority are (or are expected to be) met.
- 2) The cultural benefits referred to in paragraph (1) (b) of this Article shall be assessed by each Competent Authority in accordance with the guidance published under Article 2 (2).
- 3) In the event of an inconsistency between:
 - a)* any or the provisions of the Annex to this Agreement, and
 - b)* any temporary additional requirements imposed under Article 6,

the Competent Authorities shall apply the temporary addition as requirement.

Article 5

Balance in film-making and cultural contributions benefiting each Party

- 1) In connection with the making of films which have Approved Co-production status under this Agreement, the Parties shall seek to ensure an overall balance in:
 - a) the film-making contribution benefiting the Kingdom of Morocco and the film-making contribution benefiting Hungary and.
 - b) the cultural benefits to the Kingdom of Morocco and the cultural benefits to Hungary.
- 2) Every five years each Party shall assess the state of balance between them and inform the other Party accordingly.
- 3) The Parties shall consult each other on the approach to be taken and methodology to be used in measuring whether or not a state of balance exists.
- 4) In order to assess the state of balance between the Parties, both Parties shall collate and analyse statistical data about successful applications for the grant of Approved Co-production status.
- 5) In making an assessment of the state of balance, the Parties shall take account of the total number of Approved Co-productions during the five-year period before the date on which any assessment of the state of balance is made (subject to the period this Agreement has been in force and excluding co-productions given approval in reliance on Section 2 of the Annex to this Agreement).

Article 6

Balance and temporary additional requirements

- 1) In connection with the making of films which have Approved Co-production status under this Agreement, the Parties shall maintain general balance in the film-making contributions benefiting the Kingdom of Morocco and Hungary.
- 2) If a Party considers that there is (or is a risk of) imbalance in film-making contributions or cultural benefits, it may consult the other Party.
- 3) The Parties agree to take measures if they consider necessary to restore balance.

- 4) Subject to paragraph (5) measures imposed under this Article may include temporary additional requirements that must be met before the grant of Approved Co-production status can be given.
- 5) Temporary additional requirements shall only be applied with respect to applications for provisional approval of Approved Co-production status under Article 3, and any of such requirements shall not take effect without written notification, including:
 - a) publication of a statement of the requirements, and
 - b) appropriate revisions being made to the guidance published in accordance with Article 2(2).

Article 7

Withdrawal of Approved Co-production status

- 1) Approval for a film which has Approved Co-production status may be withdrawn if, at any time, it appears to either Competent Authority that:
 - a) false or misleading information has been provided in connection with an application for the approval,
 - b) any of the conditions imposed under Article 3(4) (b) by the Competent Authorities have not been complied with,
 - c) any of the requirements set-out in Article 4(1) (a) or (b) are not met, or
 - d) any of the requirements specified in paragraph (2) of this Article are not met.
- 2) The requirements specified in this paragraph are any temporary additional requirements imposed under Article 6:
 - a) which applied to the film when provisional approval for Approved Co-production status, under Article 3 was given, and
 - b) which continue to have effect when the status is withdrawn under this Article.

Article 8

Benefits for Co-productions with either provisional or final approval

In accordance with the laws and regulations and international obligations in force, each Party shall facilitate entry and residence, as well as the granting of work permits in its

territory, of technical and artistic personnel from other Parties participating in a co-production. Similarly, each Party shall permit the temporary import and re-export of equipment necessary to the production and distribution of cinematographic works falling within the scope of this Agreement.

Article 9

Additional benefits available only to Co-productions with final approval

- 1) Each Party shall treat, in its country, a film falling within paragraph (1) of this Article as a national film for the purpose of any benefits (including tax rebates) afforded to national films.
- 2) The benefits referred to in paragraph (2) of this Article include, in particular:
 - a) eligibility for any benefits in fiscal treatment (subject to the film satisfying the criteria that national films must meet for such benefits and subject to paragraphs (4) and (5) of this Article),
 - b) lifting of any quota restrictions that would otherwise apply to the import, distribution or exhibition of the film, and
 - c) access to any special import arrangements, agreed between a Party and another country which operates import quota restrictions for the import of national films of that Party.
- 3) Any benefits in fiscal treatment available in the Kingdom of Morocco may only be accorded, pursuant to the legislation in force, to a Moroccan Co-producer.
- 4) Any benefits in fiscal treatment available in Hungary may only be accorded, pursuant to the legislation in force, to a Hungarian Co-producer.
- 5) The question of which Party may claim credit for an Approved Co-production as a national film at an International Film Festival shall be determined:
 - a) by reference to whichever is the greater of either:
 - i. the total financial contributions made by the Moroccan Co-producer or Co-producers (taken together), or
 - ii. the total financial contributions made by the Hungarian Co-producer or Co-producers (taken together); or
 - b) in the case of equal financial contribution, the Party which provides the director.

Article 10

Entry into force

- 1) The Parties shall notify each other through diplomatic channels that their internal procedural requirements for the entry into force of this Agreement have been complied with. This Agreement shall enter into force 30 days after the date of the receipt of the last notification.
- 2) Either Party may terminate this Agreement, at any time, by giving at least six months prior written notice to the other Party, through diplomatic channels.

Article 11

Films in production before and after entry into force

- 1) A film shall be eligible for the grant of Approved Co-production status even if production commenced before the entry into force of this Agreement, but only if:
 - a) the first day of principal photography of the film is on or after the date of signature of this Agreement, and
 - b) production of the film is completed after the date on which the Agreement enters into force.
- 2) An Approved Co-production shall continue to be eligible to receive any benefits available under this Agreement on or after the date on which the Agreement ceases to have effect, but only if:
 - a) before that date, the Competent Authorities have given the film provisional approval for Approved Co-production status under Article 3,
 - b) its principal photography commenced before that date, and
 - c) production of the film is completed before the end of the period of twelve months commencing with that date.

Article 12

Amendment and Review

- 1) The Parties shall keep the Agreement under review and, where they consider it appropriate to do so, may recommend that changes should be made.
- 2) The Parties may, at any time through an exchange of notes, make amendments to the Agreement.

- 3) The Parties shall notify each other through diplomatic channels that their internal procedural requirements for the entry into force of the amendments of the Agreement have been complied with. The amended Agreement shall enter into force 30 days after the date of the receipt of the last notification.
- 4) The Competent Authorities shall endeavour to resolve any disputes about the operation and interpretation of this Agreement by negotiation and consultation.

Article 13

International obligations

The provisions of this Agreement are without prejudice to the international obligations of the Parties, including in relation to Hungary its obligations arising from European Union law.

In witness whereof the undersigned, being duly authorized thereto by their respective Governments, have signed this Agreement.

Done in Rabat on October 19th 2023 in two original copies in the Arabic, Hungarian and English languages, all texts are equally authentic. In case of any divergence in interpretation, the English text shall prevail.

For
The Government of the Kingdom of
Morocco

Pour le Ministre de la Jeunesse, de la Culture
et de la Communication et par Déléation
Le Secrétaire Général
du Département de la Communication
Signé : Abdelaziz EL BOUZDAINI

For
the Government of Hungary



Annex

I. Requirements of obtaining the provisional approval and the final approval of the Co-production status

I.1. In order to obtain the *provisional approval* in respect to a film the Co-producers have to - in due time before principal photography or principal animation commences - submit an application for provisional Co-production status and attach the documents listed below. The following documents have to be presented to the Competent Authorities in sufficient number and have to be communicated to the authorities of the other Party/ies latest one month before shooting commences:

- a declaration related to the authors' rights;
- a synopsis of the film;
- a provisional list of the technical and artistic contributions from each of the countries involved;
- a budget and a provisional financing plan;
- a provisional production schedule;
- the co-production contract or a short-form agreement („deal memo”) made between the co-producers.

This document must include clauses providing for the distribution of receipts or territories between the co-producers.

I.2. *Final approval in respect of the film is given and final co-production status* is granted on completion of the film and after examination of the following definitive production documents by the national Authorities:

- a complete chain of title;
- a final script;
- a definitive list of the technical and artistic contributions from each of the countries involved;
- a final cost report;
- a definitive financing plan;

- in case it hasn't been presented at an earlier stage of the process the co-production contract made between the co-producers. This contract must include clauses providing for the distribution of receipts or territories between the co-producers.

National authorities can request further documentation in case it seems necessary for the evaluation of the application in accordance with national legislation.

The applications and other documents shall be presented – as far as possible - in the language of the Competent Authority to which they are submitted to.

The Competent Authorities shall forward the received application and attached documentation to each other upon receipt. The Competent Authority of the Party with the minority financial participation shall not give its approval until the opinion of the Party with the majority financial participation has been received.

II. Approved co-production status: General requirements

Section 1: Co-productions which have no finance-only contributions

Co-producers

- 1) The co-producers shall include at least one Moroccan Co-producer and at least one Hungarian Co-producer.
- 2) Unless the Competent Authorities agree otherwise, the maximum number of co-producers for a film shall be four.
- 3) A co-producer of a film from one country shall not be linked by common management, ownership or control with any co-producer of that film from another country save to the extent that it is inherent in the making of the co-production film itself. In exceptional circumstances, departures from this rule may be approved by the Competent Authorities.
- 4) Unless the Competent Authorities agree otherwise, each co-producer shall have an office and staff in the country in which the co-producer is established.
- 5) Unless the Competent Authorities agree otherwise, each co-producer shall:
 - a) continue to play an active role throughout the time the co-production is being made (including production planning and decision-making), and
 - b) assume responsibility for carrying through practical and financial arrangements for the making of the film.
- 6) Each co-producer shall also meet the following requirements:

- a) each co-producer must directly negotiate, contract and pay for rights, goods and services, and
 - b) the co-producers must have entered into a binding contract, the terms of which reflect their respective responsibilities for the co-production.
- 7) Unless the Competent Authorities agree otherwise:
 - a) the co-producers named in the original application shall not be replaced, and
 - b) no co-producers may be added to those named in the original application or previously agreed to under this paragraph.
- 8) Unless the Competent Authorities agree otherwise, a Third Party Co-producer shall meet all the requirements of this Annex.

Financial contributions

- 9) Subject to paragraph 10, in the case of a co-production where the co-producers are all Party Co-producers, each of the following:
 - a) the total financial contributions of the Hungarian Co-producer or Co-producers (taken together);
 - b) the total financial contributions of the Moroccan Co-producer or Co-producers (taken together) shall not be less than 20% and not more than 80% of the total production cost.
- 10) In considering an application for the grant of Approved Co-production status, the Competent Authorities may agree to different limits for the purposes of paragraph 9, but subject to minimum and maximum limits of 10% and 90% respectively.
- 11) Subject to paragraph 12, in the case of a co-production where the co-producers are not all Party Co-producers:
 - a) The total financial contributions of the Moroccan Co-producer or Co-producers (taken together) shall not be less than 20% and not more than 60% of the total production cost;
 - b) The total financial contributions of the Hungarian Co-producer or Co-producers (taken together) shall not be less than 20% and not more than 60% of the total production cost;
 - c) The total financial contributions of the Third Party Co-producer or Co-producers (taken together) shall not be less than 20% and not more than 60% of the total production cost;
 - d) The total financial contributions of each Non-party Co-producer shall not be less than 10% and not more than 20% of the total production cost.

- 12) In considering an application for the grant of Approved Co-production status, the Competent Authorities may agree to reduce the lower limit for the purposes of paragraph 11 (a), (b) or (c), but subject to a minimum limit of 10%.

Film-making contribution

- 13) The film-making contribution benefiting a country shall be broadly in proportion to the financial contribution of the Party Co-producer (or Co-producers) established in that country.
- 14) Unless the Competent Authorities agree otherwise, no more than 20% of the total production cost may be used to source goods and services from a country other than:
- The Kingdom of Morocco,
 - Hungary,
 - an EEA State, or
 - The State in which a Third Party Co-producer is established, in case there is a Third Party Co-producer.

Rights, revenues, receipts

- 15) The rights, revenues and prizes arising in connection with the co-production shall be shared between the Party Co-producers in a manner that reflects their respective financial contributions.

Film content

- 16) Unless the Competent Authorities agree otherwise, at least 90% of footage must have been specially shot for that film.
- 17) The film shall not advocate violence, be of a pornographic nature or openly offend human dignity.

Language of the film

- 18) Versions of the film shall be made as follows:
- a) the original version must be made in Arabic language or in any Moroccan dialect or in Hungarian language or a recognized regional or minority language of Hungary, or a language of a State in which a co-producer is established,

- b) a subtitled or dubbed version must be produced in Arabic and Hungarian language (if the original version is not already in that language), and
- c) a subtitled or dubbed version must be produced in English language (if the original version is not already in that language).

19) Nothing in paragraph 18 of this Annex prevents:

- a) the film containing passages of dialogue in other languages if the story requires it, or
- b) production of subsequent versions of the film in other languages.

Screen and publicity credits of the film

20) The film shall be credited on screen and in publicity either:

- a) as a Kingdom of Morocco/Hungary co-production, or as a Hungary/Kingdom of Morocco co-production or
- b) where a co-production has one or more Third Party Co-producers or Non-party Co-producers, as a Kingdom of Morocco/ Hungary / Third Party/Non-party co-production.

Where the film is made

21) Unless the Competent Authorities agree otherwise:

- a) all work on the co-production prior to completion shall be carried out in the countries in which the Party Co-Producers or Third Party Co-producers are established, and
- b) the majority of the work on the co-production shall be carried out in the country in which the Party Co-Producer or Third Party Co-producer making the greatest financial contribution is established.

22) For the avoidance of doubt, the reference in paragraph 21 of this Annex to work on a co-production prior to completion includes studio and post-production work.

Personnel participating in the co-production

23) Unless the Competent Authorities agree otherwise, individuals participating in the making of the film shall be nationals of, or ordinarily resident in:

- The Kingdom of Morocco,
- Hungary,

- an EEA State, or
- The State in which a Third Party Co-producer is established, in case there is a Third Party Co-producer.

Conditions of work

- 24) The conditions of work for individuals taking part in the making of a co-production in each of the countries of the participating Co-producers shall be broadly comparable and, in relation to each country, consistent with the standards generally prevailing in that country.
- 25) The conditions of work (including location shooting) in a country other than that of the Co-producers shall not be significantly less favourable than the standards required by paragraph 24 of this Annex.

Co-production contract

- 26) The co-production contracts between the Co-producers must be submitted to the Competent Authorities, and the contract must:
 - a) set out the steps to be taken where a co-producer fails to fulfil its commitments under the contract;
 - b) specify the dates by which the respective financial contributions of the co-producers to the production of that film must be completed;
 - c) make arrangements for any unpaid balance of the contributions of each co-producer to be paid within a period of sixty days from the date of completion of the film;
 - d) make provision for any overage or underage, which results from the total budgeted costs being exceeded or under-spent, to be divided in such a way as not to cause the project to fall outside the terms of this Agreement or the terms of the provisional approval given by the Competent Authorities;
 - e) set out clearly the financial liabilities of each co-producer for the costs that are incurred:
 - (i) in preparing a project which is refused final approval or provisional approval for Approved Co-production status under Article 3,
 - (ii) in the event that a relevant authority prohibits the exhibition in either country of a film which has Approved Co-production status, or
 - (iii) in the event that a relevant authority prohibits the export of the film to a third country;

- f) make provision about the respective copyright entitlements of the co-producers;
- g) make provision for the distribution of the rights and revenues arising in connection with the co-production;
- h) set out the arrangements regarding the division between the co-producers of territories and/or the receipts from the exploitation of the film, including those from export markets;
- i) provide that the original protection and reproduction material from the production ("the material") and the first completed version ("the master") are to be deposited in a place mutually agreed by the co-producers; and
- j) provide:
 - (i) that each co-producer is to have free access to the material and the master in accordance with the conditions agreed upon between the co-producers;
 - (ii) either that each of the co-producers is to have joint ownership of the material and the master or that each co-producer is to be the owner of a copy of the material and the master; and
 - (iii) that a sufficient number of copies of the material and the master are to be made for all the co-producers without restriction on the number of copies made by each co-producer.
- k) state that amendments to the contract that affect Approved Co-production status must be submitted for approval to the Competent Authorities before the co-production is finished.

Section 2: Co-productions with finance-only contributions

- 27) For the purposes of Article 4 (1)(a) of this Agreement, a co-production which does not (and is not expected to) meet the requirement of paragraph 13 of Section 1 of this Annex may nevertheless be treated by the Competent Authorities as meeting the requirements set out in this Annex if:
- a) all the other requirements of Section 1 of this Annex, and
 - b) the conditions set out in paragraphs 28-33 are (or are expected to be) met:
- 28) The Competent Authorities have, in respect of each one year period, agreed to and published a limit applying to the number of co-productions relying on this Section of this Annex which may be granted provisional Approved Co-production status over that period.
- 29) The co-production includes one or more minority contributions from one or more co-producers which are limited to finance only.

30)

- a) In the case of a co-production where the co-producers are all Party Co-producers, the finance only contribution from the co-producers (taken together) must not be less than 20% and not more than 25% of the total production cost;
- b) in any other case, the finance-only contribution from the co-producers (taken together) must not be less than 10% and not more than 25% of the total production cost.

31) The co-production has a majority Party Co-producer who makes a film-making contribution.

32) The grant of Approved Co-production status to the co-production would not cause the limit referred to in paragraph 28 of this Annex to be exceeded.

33) The grant of Approved Co-production status to the co-production does not (other than temporarily) aggravate a state of imbalance between the Parties with regard to:

- a) the aggregate film-making contributions in connection with co-productions which have Approved Co-production status in reliance on this Section of this Annex;
and
- b) the number of such co-productions which are Moroccan majority co-productions and Hungarian majority co-productions.