Financial incentives within the EU: The opinions of Swedish and Danish film professionals

By Anna Niutta

This blog post draws on interviews conducted by Erasmus University with Swedish and Danish film professionals in the context of the REBOOT project, which aims to boost the competitiveness of the European Film industry by identifying under-tapped policy avenues. The roles of these professionals spanned producers, directors of photography, independent filmmakers, film editor consultants, rights managers, policymakers, and strategic development consultants. While the primary focus of the interviews was to understand their views on the international promotional efforts of Swedish and Danish films and the importance of co-productions therein, the conversations also revealed a noteworthy concern about the current financial incentive models for films in European countries. This blog post discusses the negative effects of financial incentive schemes as perceived by the respondents. To provide contextualisation, the original purpose of these incentives and their development within the broader European framework is briefly presented.

Introduction

Following a speech by Sweden's Minister of Culture, Parisa Liljestrand, at the opening night of the Gothenburg Film Festival on January 24, 2025, internationally renowned director Ruben Östlund voiced his frustration with the current state of Swedish cultural policy through a video posted on his Instagram profile (Östlund, 2025). In her speech, the Minister questioned the film industry's dependence on public funding and suggested it should aim for greater financial independence (Sweden Herald, 2025). From the set of his latest film, *The Entertainment System is Down*, shot in Budapest, Östlund challenged her words, criticising her understanding of cultural policy and urging politicians to "grow up and become less embarrassingly uneducated". The director acknowledged and thanked the Swedish Film Institute and Film i Väst for supporting his films, but he also mentioned that he would have preferred to film in Sweden rather than abroad. Indeed, the decision to shoot his latest film in Hungary underscores a critical point: an increasing number of countries offers attractive tax incentives and lower production costs, making them competitive filming locations. And this, in turn, highlights Sweden's current funding crisis, characterised by a decrease in public funding and rising competition from streaming platforms (Bolt Jørgensen, 2025). Moreover, it underscores how the country seems unable to compete with the financial advantages provided by other states.

Over the past few years, an increasing number of international productions have relocated to take advantage of attractive incentive schemes. Hungary, in particular, started to gain attraction after issuing its 2004 Film Act (Hungarian Film Act, 2004), and it established itself as a hub for international productions in 2018, when it implemented a financial incentive in the form of a 30% tax rebate for productions carried out in the country (Tóth & Papp-Váry, 2025). Factors such as: "currency stability, average price and wage levels, political environment, available film industry infrastructure, and language skills" contributed to lure international productions into the Hungarian capital (Tóth & Papp-Váry, 2025, p.84). In Europe, incentive schemes are common. Indeed, they have been increasing in the last twenty years (Kanzler, 2022). In 2000, only Luxemburg, Irland, and the UK had film production incentive schemes (Castendyk, 2018). In 2025, the only country in Europe that does not have a tax incentive scheme is Denmark but it is set to introduce one in 2026 (NordiskFilm, 2024).

The original purpose of financial incentives

A financial incentive, either in the form of a tax credit or a tax rebate, can be granted to productions that shoot most or a significant part of their filming in that country. Financial incentives, when combined with the development of human resources and related infrastructure, have been considered beneficial for the economies of the host countries (Balcerak et al., 2023). Indeed, they are devised to support the development of domestic film industries and increase the attractiveness of a country for foreign film producers (Stachoviak & Stryjakiewicz, 2018). Within the context of film productions, their relocation is facilitated by the standardised nature of the film industry, wherein core skills are uniform and transferable across borders. Moreover, incentives are considered a tool for investment promotion, as they create job opportunities, and can potentially attract film tourism and increase tourism flows (Tóth & Papp-Váry, 2025; Stachoviak & Stryjakiewicz, 2018). While measuring the direct and indirect economic effects of incentive schemes can be challenging, it can be affirmed that the appeal of tax incentives has increased international financial competition, leading to rising percentages of film production incentives (Castendyk, 2018). This global competition has led film producers to relocate their productions to where they can take advantage of the most attractive incentive scheme.

Film professionals' concerns over financial incentives

Semi-structured interviews conducted by Erasmus University Rotterdam with 17 Swedish and Danish film professionals revealed a shared concern over the negative effects of tax incentives. These effects are not limited to financial competition but also include the relocation of productions to foreign countries, the homogenisation of creativity, and the environmental impact of such practices. The following paragraphs will discuss these concerns in more detail.

Taking advantage of incentive schemes implies moving productions to foreign countries. The increasing trend of relocating productions has sparked concern among the respondents. Some expressed that such relocations are usually financially motivated. As one Danish respondent noted "on a small country [like Denmark] there's less money. The projects are smaller, and the salaries are relatively high …for like minimum wage people. So, for example, to make a period drama in Denmark is very, very expensive. That's why they go to Prague, to Budapest, to other countries, to Poland, to do that […] A lot of people go to these countries where the minimum salary still is so low that it makes sense overall to travel and bring all these, let's say, A functions to [these] countries". As Curtin and Sanson (2016) emphasise, productions are often relocated to regions where labour unions are weak, resulting in lower labour costs and increased precarity for workers. This reflects a major policy challenge: higher-cost countries, like Denmark, are losing productions to regions with both more generous incentives and lower wages, supporting a race to the bottom in the European film industry.

Moreover, films that follow the most attractive financial schemes are often forced to adapt their content to match the environment, which in turn affects the cinematic identity of the work. One respondent highlighted how funding structures can also drive storytelling trends. Using the example of Sweden's Trollhättan area, the interviewee remarked: "…in Sweden, for example, this is very typical. They have this Trollhättan area, this region where they have really strong financing of films. It changes the… that's what I've been told — it changes the cinema, because now everybody writes for, like, rural or suburban small, like village kind of stories [sic]. Because nobody wants to shoot in Stockholm, because it's much easier to get the money in this Trollhättan area... And the same thing happens in Denmark." Here, the respondent is referring to Film i Väst, the regional fund of Swedish region Västra Götaland, which introduced a production rebate in 2022 (Film i Väst, 2022). One Danish producer made a similar remark about cash rebates by saying "I think cash rebates are the evil personified. Because what they do is, they make productions that could happen in Denmark go to the Czech Republic, and not because there is a castle there...but because it's cheaper. And why should you tell a story that in reality is happening in Denmark?" Instead of supporting cultural diversity, these schemes may end up contributing to homogenising film content. This highlights how, despite being devised to support cultural diversity, these local incentive schemes inadvertently restrict it. Therefore, their broader cultural impact within the European Film Industry should be investigated and assessed by the European Union.

The negative effects of tax incentives also extend to the environmental impact of flying productions around Europe and the world. As one Danish respondent said, “reproducing what is happening now with all the cash rebates, where you are faking whatever on the Canary Islands. It is crazy, and number two, it's destroying our planet”. The environmental impact of the film industry has been directly addressed by the European Union with programmes such as Greening the Creative Europe Programme (Kruger et al., 2023). Moreover, the EU is collaborating with the audiovisual industry to align the industry’s environmental impact with the carbon neutrality goals set by the European Green Deal (European Commission, 2025). Specifically, there have been efforts to encourage environmentally friendly practices on set and within the different production stages of film production. Understanding how to overcome the tension between these environmental policies and financial incentive schemes still requires further investigation.

Conclusion

While respondents recognised the benefits of financial incentives, they also pointed out the negative consequences of these seemingly beneficial models, such as global financial competition fostering a race to the bottom, limitations to creative experimentation, and heightened environmental costs. These concerns reflect a broader and complex film policy context that, according to respondents, often prioritises commercial interests over cultural value or, as this brief assessment demonstrates, over environmental considerations. Reflecting this scenario and echoing Ruben Östlund appeal on social media, respondents call for a more holistic understanding of film from policymakers. This entails rethinking European funding schemes to support competitiveness while also fostering and supporting creative experimentation.

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