Learning from Switzerland in the Brexit Era. The MEDIA programme case study

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Abstract

European film production and distribution is currently regulated and shored up by a great many public policies drawn up by a range of institutions: the European Union (the supra-national level); central governments (the national level) and local governments (the sub-national level). This tripartite hierarchy creates a vertical policy axis in which the European Union plays an especially important role. Not only does the European Union fund areas in which national and local governments are traditionally weak, but it also sets out guidelines which all governments must follow when establishing policies and funds for films. But what would happen if the supra-national level suddenly vanished? Would national policies be capable of replacing European Union action in an effective and efficient way? The article answers this research question through the case study of Switzerland, which in 2014 has been excluded from the MEDIA program (the main European initiative in the audiovisual field) after the results of a national referendum on mass immigration. The analysis of the compensatory measures introduced by the Swiss government for supporting films shows that a single State could successfully replace European initiatives only when these initiatives are not specifically inspired by the subsidiarity principle.

Keywords: European Union, MEDIA programme, film policy, film industry, Switzerland.

1) Film policies: why look to the European Union and Switzerland?

European film production and distribution is currently regulated and shored up by a great many public policies (Herold 2010; Mingant and Tirtaine 2017; Murschetz, Teichmann and Karmasin 2018) drawn up by a range of institutions: the European Union (the supra-national level); central governments (the national level) and local governments (the sub-national level). Together these three levels can be envisaged as a pyramid with the European Union at the apex, its 28 member states in the middle and a base made up of a great many local institutions. This tripartite hierarchy creates a vertical policy axis which is to some extent integrated and to some extent overlapping (Cucco 2017), in which the European Union plays an especially important role. Not only does the European Union fund areas in which national and local governments are traditionally weak (development and international distribution) but it also sets out guidelines which all national and local governments must follow when establishing policies and funds for film[1]. But what would happen if this tripartite axis broke down? What would happen if the supra-national level suddenly vanished? Would national policies be capable of replacing European Union action in an effective and efficient way?

This article will attempt to answer these questions by analysing the Swiss case study and, in particular, examining an event which has recently changed its film policies. Switzerland is not a member of the European Union (its independence from the Union is one of the Swiss Confederation's most distinctive features), however over time it has signed up to a series of initiatives and set its seal to bilateral agreements. One of these is the MEDIA programme, namely the most important action undertaken over time by the European Union for supporting film production and distribution[2]. In February 2014 the Union decided, however, to exclude Switzerland from the programme for reasons which were largely not to do with the film sector, and this prompted concern and controversy in the Confederation. Indeed, this decision obliged the Swiss government to re-examine its action in the film sector as it was no longer able to rely on the structure of European policies and assistance which had been in place for years and had inevitably cascaded down into federal policies.

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[1] Think of the document "Communication from the Commission on State Aid for Films and Other Audio-visual Works (OJ C 332 of 15 November 2013).

[2] The MEDIA programme sustains the audio-visual industry as a whole, however most of its resources go to support films (Herold 2010). The television industry's dynamics are very different to those of film. For these two reasons, this article will only consider the MEDIA programme's impact on films.

An analysis of what happened in Switzerland is important for three reasons.
Firstly, Switzerland's exclusion captured very little media attention outside the country itself both because of the technical nature of the issue, which is not one of general interest (public help to the cinema), and because of Switzerland's marginal status in the European debate. However, Switzerland's exclusion from the programme is an anomaly with unheard of implications, and thus merits reporting and analysing.
Secondly, as it will be explained later (section 3), Switzerland falls within the 'small country' group (Künzler 2009), a category which encompasses the bulk of European countries (Puppis 2009). The case of Switzerland's exclusion is thus an opportunity to reflect on the situation of small countries and the effectiveness of the MEDIA programme in sustaining their film industries. Note, in fact, that the provision of programme funding is based on the 'positive discrimination' principle which involves especially favourable conditions for countries which do not belong to the so-called 'big five' (France, Germany, Italy, Spain, the UK) (Liz 2016).
Thirdly, Switzerland's exclusion took place at a very unusual juncture in European Union history, namely the years in which the possibility that the United Kingdom might leave the Union was mooted. Since 23rd June 2016 (the day of the Brexit referendum) all voting which has taken place in Europe has been in turn interpreted as in some way a quasi-referendum on the various states remaining in the Union (Austria, France, Germany, Italy and the Netherlands) which has seen pro-Europeans and Euro sceptics in opposition. I refer to this period as "Brexit era", which I define as a historical moment characterized both by the result of the referendum in the United Kingdom and by the struggles of some national parties in Europe (Front National in France, Lega in Italy, PVV in the Netherlands, etc.) for leaving the EU and its policies. These parties and their separatist positions already existed before Brexit, but the referendum in the UK opened a new era: leaving the EU is now a possible scenario.
It is impossible to predict what the implications of leaving the European Union might be as there are no historical precedents for it. Furthermore, negotiations between the United Kingdom and the Union have only just begun and whilst EC treaties mention the possibility of a nation leaving, these articles have never been implemented. However, Switzerland's involuntary exit from the MEDIA programme provides an insight into what might happen to a country abandoning EU film policies. And this automatically poses the question of whether there is an added value to EU policies as compared to national ones and if so, what this might be.
Clearly the scenarios emerging in Switzerland are very different from those which may develop in the UK or elsewhere. Every country has its own history and characteristics (both

generally and in each specific sector) which make it more or less competitive and more or less problematic than others. In other words, each nation is unique (Flew and Waisbord 2015). However, the Swiss experience can throw light on at least certain general issues which are likely to happen elsewhere too.

Having set out these premises, then, this article will now be divided up into four parts. The first part is a concise overview of the MEDIA programme, its history, goals, evolution and a critical assessment of its work (section 2). The second part analyses the characteristics of the Swiss film industry, the problematic configuration of the domestic market and Switzerland's signing up to the MEDIA programme (section 3). The third retraces the reasons behind Switzerland's exclusion from the MEDIA programme, sets out the compensatory measures issued by its Federal government and analyses the advantages and disadvantages facing the Swiss film industry in this new scenario (sections 4 and 5). The fourth and last part considers what we might learn from the Swiss experience in terms of film policies (section 6).

The article thus offers a critical analysis of film policies and their implications in both socio-cultural and market terms, in accordance with the studies in the political economy of the media. Political economy allows to adopt a 'contextual approach', which means investigating corporations, media makers, artefacts and audiences within their specific geo-political contexts (Wasko and Meehan 2013, 152-156; Wasko 2015). For this reason, I think it could serve better than any other research approach for understanding the multifaceted implications of a political decision (in this case, the exclusion of Switzerland from the EU's MEDIA programme). Moreover, here the political economy approach is strengthened by a series of informal conversations with professionals in the Swiss film industry (producers, distributors, exhibitors, category representatives and festival organisers). As production studies have demonstrated, the accounts of those who work in the audio-visual industry on a daily basis are of fundamental importance to an understanding of a series of dynamics which are neither visible nor accessible to outside observers (Caldwell 2008; Szczepanik and Vonderau 2013; Banks, Conor and Mayer 2015). But in this case the evidence of sector professionals is also indispensable to any understanding of the repercussions of a recent event which does not yet show up in data provided by supra-national and national agencies. Since these accounts are personal and anonymous, in this article I use them just as secondary support in interpreting events (see paragraph 4).

2) The MEDIA programme

The European Union first got involved in cinema in the 1970s but its action at the time was innocuous as it simply attempted to harmonise the various European national policies (Herold 2010; De Vinck 2014). It was only in the early 1990s that EU policy became more incisive. This was the moment at which regulation action was first accompanied by actual funding for the industry. This transition was the result of the advent of the MEDIA programme (Mesures pour Encourager le Développment de l'Industrie Audiovisuelle) which the EU set in motion in 1991 after a long and difficult birth which protracted for the bulk of the previous decade. The programme lasted five years (1991-1995), 19 nations signed up to it and it was funded to the tune of 200 million ECUs. It mainly focused on the cinema sector since television had already benefited from European action just a few years earlier with the Television Without Frontiers directive, 1989).

Concretely the MEDIA programme set out a series of measures designed to help the audio-visual industry in the light of its well-known commercial weakness which makes product funding a highly complex matter and thus casts doubt on its survival. The purpose is thus to strengthen the audio-visual industry and make it more competitive whilst at the same time limiting the permeability of the European market to American film and TV products.

The programme's goal was thus economic and not cultural, except indirectly. Since the Treaty of Rome (1957), in fact, member states had always preferred to retain full control of their cultural activities, considering it a strategic sector in image and identity building. Consequently, when the MEDIA programme was set up, the EU's mandate in audio-visual terms was to create a single market within which European films (national or co-productions) could circulate freely, respecting national cultures and the wealth that these expressed. A film/product distributed in multiple markets, in fact, has a greater chance of generating profits which can then be re-invested in new and more ambitious projects. No funding was offered to the production phase by the MEDIA programme (except for the development stage). This decision was the outcome of a firm stance by Germany, the Netherlands and the UK confirming a still existing desire by member states (or at least some of these) to retain the greatest possible autonomy in the cultural sphere (Herold 2010).

This separation of skills and goals between the European Union (whose goals were economic and dealt mainly with distribution) and member states (whose support for the audio-visual sector was based on its cultural value and involved supplying resources to those producing contents) was weakened a year after the appearance of the MEDIA programme when the Maastricht Treaty was signed in 1992. On this occasion, in fact, states assigned the Union a cultural mandate which was subordinated, however, to the subsidiarity principle. In other words, the Union could pursue cultural objectives and intervene with suitable measures only where state action was weak and/or absent, and where EU action was potentially more effective and competent than that of national institutions. This legitimised the indirect cultural objectives of the MEDIA programme *a posteriori* (De Vinck 2014) and clarified the positioning of European politics in supporting films, policies which began revolving increasingly around two principal axes.

On one hand, international distribution continued to be upheld, a sphere in which member states had always done very little (frequently in the belief that a good film will find its own way). Furthermore, in this respect, the action of a supra-national organism is much more effective and competent than anything a national body can do, both economically and culturally. As Mariana Liz effectively put it (2016, 41), "*the idea behind the European Commission's effort to support European cinema is that the more people watch European films, the greater knowledge they will have of other countries in Europe and the more European they will feel. Supporting film distribution has implications not only for the financial aspects of the audiovisual sector, but also for the cultural value of contemporary European cinema*". In the light of that, the EU support goes to distributors (for releasing films produced by other MEDIA member states) and film festivals (which must reserve part of their programme to films from MEDIA member states).

On the other hand, the programme turned growing attention to the development phase (script development and film funding), long considered one of European film value chain's weak points, at least as compared to the United States.

The MEDIA programme has always been extended when it came up for renewal, and each new programme has seen an increase in the number of countries involved. Over time the programme's funds have also increased but less as a result of growing attention from European institutions in the audio-visual sector than because of this increase in member states signing up to it (which determined an increase in revenues paid in by member states). 32 nations took part in the last complete programme (MEDIA 2007) and its overall budget amounted to 755 million Euros. This patrimony was divided up as follows: 55% for distribution, 20% for development, 9% for promotion, 7% for training, 5% for horizontal action and 4% for pilot projects.

Table 1: Evolution of the MEDIA programme

The renewal of the programme was due to positive assessments of the effects of MEDIA by the EU, as is shown by reports issued on completion of each cycle. The judgement of outside observers has been less positive, on the other hand, underlining, for example, the fact that revenues earned by European films in Europe over the noughties (i.e. the period in which complete, systematic data has been available) have slightly diminished rather than increasing. Such observers see a positive programme impact only in relation to its very modest funding (Crusafon 2014; De Vinck 2014).

The many requests for help that the programme receives every year are, however, proof of the programme's perceived usefulness by those who produce and distribute audio-visual products. Those responsible for developing the MEDIA programme succeeded in designing a mechanism capable of combining various demands. In the distribution context, for example, the programme favours forms of competition between those requesting help and many resources are taken up by those working within the so-called big countries with a strong film tradition (France, Germany, Italy, the UK and Spain, countries which are also the main funding providers, however). At the same time the programme also works to correct market imbalances, i.e. positive discrimination, designed to promote support for countries with lower productive capacity. In other words, whilst distributors tend to focus above all on French or English films for economic/opportunistic reasons, the programme provides incentives for these to take a risk with more marginal countries in film terms.

3) The Swiss film industry and its relationship with the MEDIA programme

As this paragraph will demonstrate, the Swiss film industry suffers from a series of production and distribution difficulties resulting, above all, from the country's distinctive characteristics. These characteristics are, for the most part, common to all those countries which fall into the so-called small country category: while the production costs are roughly the same in big and small countries, the latter have fewer economic recourses to invest in media product and smaller audience markets (Puppis 2009, 10). In the film context, Hjort and Petrie (2007, 3-7) identified at least four macro-characteristics shared by small countries, which are also identity criteria. These are: a) geographical extension of the country, b) number of inhabitants, c) GDP, d) some form of domination by other countries.

Three of these four criteria apply to Switzerland (Cucco and Dagnino 2018). First and foremost, it is much smaller, in geographical terms, than the majority of European countries and it should be remembered that the concept of smallness only means something in relative, or comparative, terms.

Secondly, Switzerland's population is 8.2 million bringing it fully into the small country category encompassing states whose populations range from 100,000 to 18 million (Puppis 2009).

The third criteria, on the other hand, does not apply to Switzerland. Whilst its GDP is not high (inevitable in small countries), its gross per capita product is one of the highest in Europe - and in the world.

The domination criteria fully applies, however, and perhaps more strongly than in many other countries. Switzerland has four official languages: German, French, Italian and Romansh. If this latter is excluded (spoken by less than 1% of the population), Switzerland can be divided up into three linguistic regions of varying sizes[3] with each of these sharing a language with one of its three main neighbouring countries: France, Germany and Italy. On the basis of the criteria supplied above, these three countries fall within the big country category (with all its resulting advantages), and in film they are also three of the five main European countries in terms of production volume, market, and ability to determine the overall annual performance of European cinema. A common language (and to some extent cultural system) opens up the Swiss market to French, German and Italian films which do not suffer from cultural discount in the country[4]. The result of this is that Swiss films have to compete at home not only with US films (as popular in Switzerland as elsewhere) but also with other European films (in the various European markets box office competition is usually between US and domestic films, with European films accounting for a stable, marginal market share, see European Audiovisual Observatory 2017). This is the source of Switzerland's domination by neighbouring states, at least in film consumption terms.

All this makes a strong and competitive film industry an especially challenging matter for Switzerland. Its linguistic fragmentation, for instance, means that it is less a single market than a three-market whole with varying consumption behaviours reflecting trends in its

[3] German is the first language for 63.3% of the population, followed by French (22.7%), Italian (8.1%) and Romansh (0.5%). 20.9% speak a different first language (English, Portuguese, Albanian, Serbo-Croat and Spanish). As these figures show, Switzerland is a multi-lingual country and many of its inhabitants speak more than one language. Source: Federal Statistics Office, https://www.bfs.admin.ch/bfs/it/home.html.

[4] The concept of 'cultural discount' refers to the loss of films' value that occurs when they are exported in a cultural context different from the one in which they were conceived (cfr. Hoskins and Mirus 1988).

various neighbouring countries (Cucco 2010). It follows that Swiss films are not generally distributed country-wide but only within the linguistic region they reflect. Potential audiences are thus very limited in size and this makes funding very complex given that this will not generally cover costs and generate profits.

The fact that Switzerland is a rich country is obviously an advantage for its film industry. The Confederation assigns 54 million Swiss francs to the film sector (of which 27.5 million goes to production)[5]; a budget which has increased considerably over recent decades (in 1963 it was only 1 million, see Moeschler 2011). The public service broadcaster (SSR SRG) invests a further 27.5 million. Moreover, the public support is supplemented by a range of regional and cantonal funds which make Switzerland one of the best funded in Europe in terms of sub-national resource for films (Milla et al. 2016). These various funding elements generate very high overall public funding which explains, among other things, why Switzerland is the main producer of feature films in Europe after the big five (France, Germany, Italy, the UK and Spain), and if documentaries are taken out - a low cost context in which the Swiss tradition is a long one - the Swiss Confederation ranks 8th, overtaken in this case by Poland and Romania (European Audiovisual Observatory 2017)[6]. This important public contribution and the volume of feature films produced, however, succeeds only in keeping the national industry's head above water. The fragmentation of an already small domestic market within which national products do not circulate is effectively a chronic and difficult to solve problem which impacts negatively on the film industry's viability and its ability to reduce its dependence on public funding.

In the light of these internal difficulties and a need common to all small countries to enter international agreements to help develop their national industries, when the MEDIA programme was set up Switzerland signed up to it immediately but its participation was very short-lived. In 1992, in fact, the Confederation's citizens refused to join the European Economic Area and this led to a series of renegotiations between Switzerland and the European Union (whose cornerstone was the free trade area set up in 1972). Switzerland thus left the MEDIA programme and, when negotiations came to an end in 1999, the audio-visual sector was left out of the seven sector agreements signed. In 2004 Switzerland and the European Union signed a new package of agreements which encompassed the audio-visual

[5] In Euros, respectively 49.2 and 25 million.

[6] In 2016 Switzerland produced 88 feature films: 25 films, 61 documentaries and 2 animation films. Source: Source: Federal Statistics Office, https://www.bfs.admin.ch/bfs/it/home.html.

sector and this enabled the Confederation to join MEDIA Plus (2005-6) first and then MEDIA 2007 (2007-13) on payment of an annual sum of almost 6 million Euros[7].

MEDIA Desk Suisse (the national MEDIA desk) figures show that the programme supported the Swiss audio-visual industry in the 2006-12 period, contributing to the development of 114 of its projects, to the foreign distribution of 32 of its films in a total of 23 countries and the training of 250 Swiss professionals. Furthermore, 10% of Swiss cinemas joined the Europa Cinemas network, receiving contributions for the screening of European films. The fragmentary nature of this data notwithstanding, MEDIA Desk Suisse has estimated a return on funds of 4 million Euros per year which it considers a 'tangible' return to be supplemented by the 'intangible' return linked to networking and international openness, synergy creation and know-how development (MEDIA Desk Suisse 2010, 2013).

4) Swiss exclusion from the MEDIA programme

A specific direct democracy system exists in Switzerland which enables citizens to play an important part in its political life by means of referendums. Any citizen can demand a referendum, on presentation of 50,000 signatures, in which citizens are called on to vote on retaining laws or otherwise by simple majority. Furthermore, 100,000 citizens can demand a total or partial revision of the Constitution with the same mechanism (in this case called 'popular initiative')[8].

On the strength of these laws, on 9th February 2014, a popular initiative referendum was held against 'mass immigration' which demanded limitations and yearly quotas for immigration into Switzerland. The referendum passed on a majority of voters (50.3%, 20,000 votes more than the opposition) and a majority of Cantons (17 out of 26)[9]. Obliged to take account of the referendum result, the federal government set a constitutional amendment in motion which

[7] The signing up to MEDIA 2007 process was especially challenging, as a pre-condition for it was amendments to Swiss radio-TV laws. The EU required that this latter be supplemented by a number of measures present in the Television without Frontiers directive which, however, conflicted with existing Swiss laws on political, religious and alcohol related advertising. Agreement was reached in 2009 and Swiss participation in MEDIA became definitive.

[8] For further information about the 'popular initiative' and how they are regulated, please visit the website of the Swiss Confederation: https://www.bk.admin.ch/bk/de/home/politische-rechte/volksinitiativen.html

[9] Source: Swiss Confederation, https://www.bk.admin.ch/ch/d/pore/vi/vis413.html

generated a new article (121a) on 16th December 2016 which: a) decreed that Switzerland would manage immigration autonomously, b) fixed a resident permit quota, a ceiling and yearly quotas, c) limited the right to long term permits, family reunification and social performance, d) established the 'Swiss preference' principle[10].

The referendum was incompatible with European free circulation of people laws and Switzerland thus asked for its agreements with the EU to be reviewed. After consulting member states, in July 2014 the then High Representative of the Union for Foreign Affairs and Security Policy, Catherine Ashton, rejected this proposal and the Union went still further and excluded Switzerland from three European programmes undergoing renegotiation and renewal at the time: the academic research funding programme Horizon2020, the Erasmus programme which supports university student exchanges and the MEDIA programme[11]. Free movement of people is considered by the EU "a central pillar of our relations with Switzerland"[12] which other agreements are thus dependent on.

The Union's response was viewed in Switzerland as punishment for the stance adopted by its citizens but, at least as far as the MEDIA programme is concerned, the situation was more multi-faceted. In its communications, the Federal Culture Office declared that Switzerland's exclusion from the MEDIA programme was linked to the referendum outcome and this was the official version which the press reported. However, some personal conversations I had with people working in the Swiss film industry threw light on a different scenario which received no official confirmation, namely that Swiss exclusion had been decided a week before the referendum and was motivated by the fact that the Confederation had not supplied the EU with data on its audio-visual digital consumption. This data is of the utmost importance to the EU in the light of work underway in Europe for a single digital market. Only in 2017 the Swiss Confederation started to collect these data[13].

[10] Source: Swiss Confederation, https://www.admin.ch/opc/de/official-compilation/2014/1391.pdf

[11] Source: European Commission, Fact Sheet "EU-Swiss Relations", Brussels, 25 September 2016, http://europa.eu/rapid/press-release_MEMO-16-3185_en.htm

[12] Ibidem.

[13] "From 1 January 2017, all companies (rights holders and content providers) in Switzerland and abroad that exploit films outside of cinemas in Switzerland must report their annual sales figures to the Federal Statistical Office. This includes all rights holders and providers of films on electronic platforms (including television broadcasters that exploit films by means other

As has been said, this reading is not officially confirmed. However, it would be at least partly explain Swiss exclusion from MEDIA on the basis of events bound up closely with the audio-visual sector rather than internal political decisions on immigration. Moreover, the introduction itself of this requirement few years after the exclusion of Switzerland from MEDIA strengthens the hypothesis that emerged from my conversations. It is more likely that this exclusion was the outcome of a combination of factors (referendum and the failure to supply data) within a context of fragile adherence to the programme (Switzerland is not a member state and its participation is thus sanctioned by bilateral agreement alone).

Exclusion from MEDIA generated various problems for Switzerland, also because the programme involved heterogeneous action which is largely complementary to that which takes place within the Confederation. Specifically, exclusion from MEDIA caused problems for Switzerland on at least five levels:

a) *Development phase funding*: European funds supporting film development have been withdrawn. This increases financial difficulties for those embarking on the high risk and high cost film producing business in a small and fragmented country in which it is especially difficult to find resources and guarantee a return on investment.
b) *Offer diversity*: funds for Swiss distributors deciding to distribute European films in Switzerland are no longer there. This may lead to a less rich and diversified choice of films than in the past. Financial risk for distributors deciding to import films whose success is not guaranteed (at least in comparison with other types of films such as Hollywood films, for example) is higher. At the same time, the funds which 10% of Swiss cinemas previously received for the screening of European films has been withdrawn.
c) *Exports*: funds for foreign distributors deciding to distribute Swiss films in their markets are no longer there. This reduces the potential for Swiss cinema to sell its films outside the domestic markets, get itself known and appreciated and generate further revenues.
d) *Access to European festivals*: European festivals must respect quotas in the films they select, i.e. part of these must have been produced in MEDIA programme countries.

than linear channels)" (Art. 24 para 3bis Film Act, https://www.bak.admin.ch/bak/en/home/cultural-creativity/film/film-rechtliche-informationen/ss-film---rechtliche-informationen.html).

After its exclusion, Switzerland is no longer covered by this and its films have thus to compete with non-European films with exotic appeal which can be much more attractive to festivals.

e) *Support for Swiss festivals and markets*: funds which Switzerland received for the market of the Nyon *Vision du Réel* (*Doc-Outlook – International Market*) festival and for the Locarno Festival *Industry Days* have been withdrawn[14].

5) The advantages of exclusion and limits to compensation measures

Exclusion from the programme led the Confederation to adopt so-called 'compensation measures' right away, to support its film industry and prevent it suffering negative consequences deriving from the Brussels decision[15]. Both measures adopted immediately (2014) and those of subsequent years have always been considered temporary, less because they were designed to be replaced with a more wide-reaching reform of support for film than because they were envisaged for a transitional phase in which Switzerland hoped to be welcomed back to MEDIA[16].

These compensatory measures involve a series of actions which largely emulate that of the MEDIA programme in both goals terms and in terms of the methods by which assistance is provided. Measures thus target the development of projects with a potential European circulation, European film distribution in Switzerland, professional training and support for festivals screening European films.

One area remains problematic, however, and that is distribution abroad of Swiss films both to cinemas and within the festival circuit. All the compensatory measures described above involve issuing funds for Swiss citizens (developing national projects, importing foreign films

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[14] The Locarno Festival is one of 15 band A festivals, according to a classification drawn up by the Fédération Internationale des Associations de Producteurs de Films (FIAPF) and one of eight *World Famous Swiss Events*.

[15] Source: Swiss Confederation, https://www.bak.admin.ch/bak/de/home/kulturschaffen/film1/internationale-zusammenarbeit/media-ersatz-massnahmen.html

[16] A communication by the Federal Culture Office dating to 31st January 2017 reads: "Since 2014 the MEDIA compensatory measures compensated for the withdrawal of funds from the MEDIA European film promotion programme. The purpose of these is to ensure the continuation of projects already underway and facilitate later re-integration into the programme". Source: http://www.bak.admin.ch/film/03604/03605/index.html?lang=it

or organising festivals in Switzerland). Sponsoring distribution abroad involves handing over funds to foreign entities and this is forbidden by Swiss law[17]. To deal with this problem, compensatory measures are accompanied by support for international distribution of Swiss films which cover the expenses incurred in taking part in foreign markets and festivals (travel, registration, etc.), subtitling and dubbing, advertising material creation and foreign press relations, etc., all costs generally paid for by Swiss producers.

Taken together these measures are worth 5.5 million Swiss francs (4.95 million for compensatory measures and 550,000 francs for international promotion assistance)[18], meaning that the Confederation hands out approximately the same resources for these initiatives that the MEDIA programme issued in the past.

How can these measures be judged overall? From the point of view of the Swiss film industry, the advantages are twofold: there are more resources and they are guaranteed. In the past, the Confederation paid into MEDIA more that it received in return and what it received was the outcome of uncertain competition between Swiss and international producers and distributors. According to MEDIA Desk Suisse, between 2006 and 2012 Switzerland received from MEDIA about 4 million euros each year, and Switzerland contributed to the programme with an annual fee of approximately 6 million euros (MEDIA Desk Suisse 2010 and 2013). Now the resources invested by the Confederation - which, as we have seen, are comparable to those handed out by MEDIA in the past - are available to Swiss alone. However, the Confederation is hoping for a return to the programme[19], and this means that the measures developed are limited and that these limitations make them less effective than the MEDIA programme.

The most discernible limitation relates to support for distribution. In the context of these new measures the Confederation dedicates 55% of its resources to distribution (in line with the MEDIA programme) but this percentage mainly supports European film distribution in Switzerland (45%) and only minimally the distribution/promotion of Swiss films in Europe

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[17] This is not an anomaly as all national film policies in Europe encompass direct and indirect help for individuals and entities residing within their national borders alone.

[18] In euros: 5 million overall, 4.5 million for compensatory measures, 500,000 for international promotion assistance.

[19] Source: Swiss Confederation, https://www.bak.admin.ch/bak/de/home/kulturschaffen/film1/internationale-zusammenarbeit/media-ersatz-massnahmen.html

(10%)[20]. The measures thus serve to head off the risk of limited film diversity in the Swiss market but their support for exports is weak and this is due less to an underestimate of the importance of this sphere and more to the impossibility of sponsoring foreign subjects to help circulate Swiss films abroad.

The second limitation is access to international festivals. Federal measures can do absolutely nothing about the club effect generated by MEDIA, which establishes a proportion of space at European festivals to be set aside for nations signed up to the MEDIA programme. The support that the Confederation can assign in this respect is matter of paying certain expenses (entrance, travel, etc.) which, however, is largely post-selection.

Thus, federal measures can solve only three of the five issues generated by exclusion (see section 4), namely those linked to funding for the development phase, film diversity and support to Swiss festivals and markets. Many export and European festival access issues have remained unresolved. But interviews have thrown light on a further limit, too, and one which is more intangible than those listed above: the absence of a competitive context for access to funds. Swiss professionals now have to compete for subsidies nationally and the absence of wide ranging competitive dynamics can, in the long term, lead to reduced quality in Swiss films and penalise their appeal, above all internationally. This is a weaker disadvantage than the two referred to above, partly because it is a hypothetical, potential risk which might come to fore in the medium-long term rather than the short term but which cinema professionals are aware of.

6) Conclusion: what does the Swiss case teach us?

The scenarios which have developed in Switzerland in the wake of its (non-voluntary) exclusion from the MEDIA programme give very little insight into what might happen in other countries which might one day decide to leave the European Union. Switzerland's specific status in relation to the EU and the fact that the MEDIA sub-programme is only one of the issues to be resolved (and certainly not the most central) in the complex Bern-Brussels relationship prompt caution in generalising from the scenarios described. This said, however, the Swiss experience is in any case useful in a consideration of the added value offered by

[20] Source: Swiss Confederation, https://www.bak.admin.ch/bak/fr/home/creation-culturelle/cinema/statistiques-et-publications---cinema/plan-de-repartition-et-montants-maximaux.html

European action as compared with that of individual states, at least as far as the film sector is concerned.
The process and analysis set out here confirm that the added value of European action consists in an ability to get to places the states cannot reach. The measures adopted in Switzerland after exclusion compensated for the absence of the MEDIA programme in those contexts in which there was a significant overlap between the Confederation's and the MEDIA programme's action. Switzerland has, in fact, long supported the development of audio-visual products, festivals and training (three of the areas covered by MEDIA too) and following exclusion the Confederation simply diverted the funds it had set aside for the MEDIA programme into these areas and strengthened what it was already doing without any negative repercussions on the national industry. It was not, however, able to carry out compensatory action where MEDIA action was truly complementary to that of the states and truly inspired by a subsidiarity principle: distribution abroad of national films and wide-ranging networking which generates a club effect. Networking is frequently intangible and difficult to quantify but, as has been demonstrated thus far, if Switzerland acts alone it cannot achieve the results generated by an international partnership. It means that outside the MEDIA programme it is harder for Switzerland to create synergies, that are interactions of two or more agents that produce a combined effect greater than the sum of their separate effect.
These theoretical considerations are fully sanctioned by the fact that the Swiss audio-visual industry and the Confederation are currently engaged in negotiations for re-entry to the MEDIA programme and this despite the fact that, as illustrated above, Switzerland always paid more into MEDIA than it got back. This confirms that, beyond a straightforward assessment of money flows, more intangible advantages and long-term effects exist which make taking part in the programme advantageous in any case. Just as the negative effects of a competition for funds on a national scale - which ensures greater funding for the domestic industry in the short term but may over time reduce its competitiveness in international standard terms - may show themselves in the medium-long term.
These are just some of the critical issues which can come to the fore when a European programme is abandoned but the range of risks and secondary effects may also be even wider. Think once again of distribution abroad. The Confederation decided to support European film exports into Switzerland significantly, setting aside 2.5 million Swiss francs per year (2.2

million Euros) to it[21], probably on the strength of considerable demand for these in the country and a marked propensity among its people for cultural diversity (over recent years European films' market share in Switzerland has fluctuated between 23 and 34%, see Cucco and Dagnino 2018, p. 433). However, European national policies show clearly that the efforts of the various governments always target national production, first and foremost, if not exclusively. Outside European agreements, support for foreign film distribution can decline significantly above all in those countries whose demand for foreign films is very low such as the UK, for example, where the European film market share was 1.8% in the 2004-14 period (Jones 2017). This means that the diversity of film supply theme, which has been safeguarded in Switzerland, is actually at risk. If several nations were to choose to leave MEDIA, the circulation of European films, and thus the strengthening of the European film industry, would be powerfully undermined.

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[21] Source: Swiss Confederation, https://www.bak.admin.ch/bak/fr/home/creation-culturelle/cinema/statistiques-et-publications---cinema/plan-de-repartition-et-montants-maximaux.html

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Table 1. Evolution of the MEDIA programme

PROGRAMME	DURATION	BUDGET	MEMBER STATES
MEDIA I	1991-1995	200 million ECUS	EU member States
MEDIA II	1995-2001	310 million €	EU member States
MEDIA Plus	2001-2005 (extended to 2006)	516 million €	EU member States + 10 new member States after 2005
MEDIA 2007	2007-2013	755 million €	EU member States + Croatia, Island, Liechtenstein, Norway and Switzerland
MEDIA (sub-programme of Creative Europe)	2014-2020	820 million €	UE member States + Albania, Bosnia and Herzegovina, Island, Macedonia, Montenegro, Norway, Serbia + partially Georgia, Moldova and Ukraine
Parallel Programmes			
MEDIA International	2008-2010	7 million €	EU member States and third countries
MEDIA Mundus	2001-2013	15 million €	EU member States and third countries