

SWITZ: Salary cap could force Nestlé move

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Swiss food and beverage giant Nestle has said it might leave its home base of Switzerland if the government's proposal to cap top salaries is approved.

Chairman Peter Brabeck-Letmathe told Swiss newspaper Sonntag yesterday (13 September) that it would be "the beginning of an end" if a salary ceiling was imposed.

"We must ask ourselves whether Switzerland is still the right location for us," he told the publication.



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Recent pressure from politicians from some industrialised economies and a public uproar against excessive pay for executives has meant the Swiss Federal Council, has been studying measures to cap executive's pay.

Brabeck-Letmathe added that to cave to "populist pressure" would be "damaging for the location" and that Switzerland was once known for "not ceding to such demands".

Kepler Capital Markets analyst Jon Cox, however believes that it is "highly unlikely" that Nestlé would leave Switzerland.

"Brabeck was trying to just draw attention to the matter," he said.

Independent analyst James Amoroso said that it is "pure posturing" on Brabeck-Letmathe's part.

"Such a move would involve tremendous upheaval. Indeed, many UK companies are threatening to move to Switzerland to avoid heavy taxation."

However, he added that the chairman's point is "valid" and that he is trying to "bring some balance to the current debate".

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