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World health day

Nestlé's global tax practices: clear as clean water?

7th of April marks World's Health Day. This year this day is a bit special: it follows the 150th anniversary of the Swiss company Nestlé. The Greens/EFA group in the European Parliament decided to commemorate - so to speak - both, with a [letter](#) to one of the biggest food giants on the planet.

Their slogan is 'Good Food. Good Life' but you may not know that Nestlé is also a key global player in the bottled water business. And access to clean drinking water, in Europe and beyond, is a priority for our group: we believe access to quality water is a human right.

More than 600 million people around the world still don't have access to clean drinking water, according to the UN. Yet, there are still profitable businesses out there that make money by bottling water resources and selling them to people. This business model is called privatisation of a natural and vital resource. In the global bottled water market, Nestlé represents 11 to 13%, the biggest part of the pie. In Europe, they outnumber Group Danone and Coca Cola.

We are deeply concerned by the role large multinational companies play in influencing a growing number of such privatisation policies of water resources around the globe. On this matter, 2 million European citizens signed the very first European Citizens Initiative "[Right2Water](#)," which was denouncing water privatisation.

So why write to Nestlé on the World Health Day? Universal access to health means access to clean natural resources for everyone. It also depends on universal access to robust healthcare systems, based on solidarity and fair distribution of wealth. And this means tax justice, one of our political priorities. We have a track record of exposing - [IKEA](#), [BASEF](#), [Zara \(Inditex\)](#) - accounting tricks that corporate giants use

to reduce their tax contributions, to the detriment of the rest of society (small & medium companies, citizens) who are left paying the gap.

So what about Nestlé's tax policies? In 2014 Jean-Marc Duvoisin, CEO of Nestlé's brand Nespresso, said in an interview: "we should pay taxes wherever we have to pay taxes". We could not agree more! But our preliminary research indicates that Nestlé might not be paying taxes "wherever it needs to pay taxes" and seems to suggest that the company is actually engaged in large-scale profit-shifting and tax avoidance.

There is evidence of large and various kinds of intra-company payments (royalties and interest) which can be abused to significantly reduce the taxation of certain subsidiaries. And we also found structures consistent with classic tax avoidance strategies, for example, holding companies and internal finance operations organized through the Netherlands, Luxembourg and Belgium. For example, from 2009 to 2014, an internal financing subsidiary in Belgium paid virtually no tax on €660 million in income, derived primarily from interest on intra-company loans.

As Nestlé was celebrating its 150th anniversary this week, we wanted to put up a solemn request, as appropriate for a jubilee: can Nestlé - with so many decades of experience - make the commitment to support, and fully implement, public country by country reporting?

By providing greater transparency on its tax affairs, Nestlé would have the chance to be a first mover and to set an agenda for stronger corporate social responsibility. That would be a fantastic gift for all its consumers for its 151th birthday!

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