

CORPORATE SILENCE: ENVIRONMENTAL DISCLOSURE AND THE NORTH AMERICAN FREE TRADE AGREEMENT

NAFTA is merely one element of a larger problem: the
disintegrating effects of globalization on our mixed
economy.

Robert Kuttner, 1993

ABSTRACT

All of this is being done silently - the trees are cut down
silently and they are exported silently. No one knows
anything; everything is hidden.

On January 1, 1994 the North American Free Trade Agreement
(NAFTA) came into effect, establishing the largest free
trade zone in the world. NAFTA negotiations provided a
public battleground for debate amongst diverse groups that
included: governments, corporations, economists, labor
organizations and environmental groups. As a result, the
passage of NAFTA included side agreements on the environment
and labor.

(NAFTA) between Canada, the United States and Mexico came into

This paper investigates U.S. and Canadian corporate
disclosure relating to the environmental issues of NAFTA.
The U.S. and Canadian Disclosure databases which cover
virtually all of the public companies in their respective
countries were searched for a six year period, 1991 to 1995
for relevant disclosure. A total of nine references were
found, indicating a profound lack of disclosure.

the greatest trade deal ever with an because it is the first

This paper then is a call for more environmental disclosure,
broadly defined, in order to provide the public with the
information it needs to act as agents to change our society
for the better.

and labor issues were publicly acknowledged to be affected by

NAFTA and therefore, the passage of the trade agreement included

side agreements on the environment and labor.

The negotiation and implementation of NAFTA presents an

Key words: North American Free Trade Agreement, environmental
disclosure, social contract

does not play in the reporting of corporate environmental

performance in a much disputed trilateral trade arena. This

study utilizes the concepts of social contract (Donaldson &