In sum, in the light of the weight of theory and evidence, especially the case study of Chile, the Paper concludes that the deposit requirement and the repatriation restriction impose an unnecessary penalty on investments without promising any significant curtailment of speculative activity. At best, the benefits of capital controls are uncertain. Yet capital controls jeopardize economic gains expected from freer trade and investment in the host country. Thus, this Paper finds that potential NAFTA partners, who currently regulate capital movements, should be prepared to reform their policies toward foreign investment and meet the NAFTA standards.