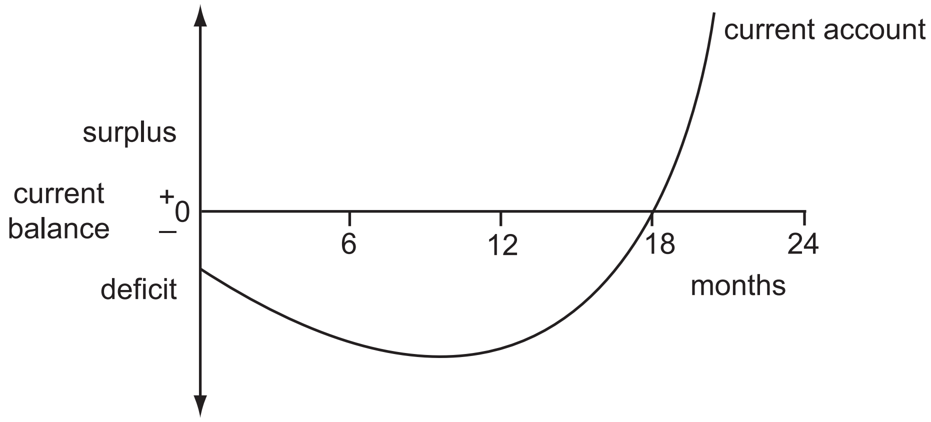
30 A country at the beginning of a given period seeks to improve the current account of its balance of payments by devaluing its currency. The effect of this policy in the following two years is shown in the diagram.



Which statement is likely to explain this performance?

A In the short run, the price elasticity of demand for exports and imports was very low.

B The domestic inflation rate fell after 12 months before having the desired result.

C The elasticity of demand for imports diminished after 12 months.

D The policy was ineffective and other factors must have led to an improvement in the current account.