

10-17-2003

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Recommended Citation

LADB Staff. "President Duarte Fires Minister." (2003). <https://digitalrepository.unm.edu/notisur/13195>

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President Duarte Fires Minister

by LADB Staff

Category/Department: Paraguay

Published: 2003-10-17

Two months after taking office, Paraguayan President Nicanor Duarte Frutos had to fire his interior minister, a close friend, in a corruption scandal involving pirated compact discs. Although Duarte made reducing corruption a main plank in his campaign platform, the country has again been named as the most corrupt in Latin America.

Roberto Gonzalez resigned as interior minister on Oct. 12, along with the head of the customs department, Gustavo Volpe. Duarte also fired Tomas Chamorro, commander of the Policia Nacional, and his second in command. On Oct. 13, Duarte named lawyer Orlando Fioroto as the new interior minister and Margarita Diez de Vivar as head of customs. This was Duarte's first Cabinet change since taking office on Aug. 15.

Questionable load of CDs sets off scandal

On Oct. 6, a prosecutor and two police officers stopped a truck as it left customs on the outskirts of Asuncion to check the documentation of its cargo. Authorities said the truck was stopped because police were investigating reports that the shipment once impounded had been improperly released by state agents under control of the Interior Ministry. When they found discrepancies in the truck's documents, they impounded the truck and its cargo.

The owner of the vehicle, businessman Jose Florentino Chaparro Pessolani, complained to Gonzalez that the police had acted illegally. Gonzalez and economic-crimes prosecutor Carmen Bugetich ordered the truck released along with its cargo of 1.4 million CDs imported from China and valued at US\$4 million. Gonzalez also fired a police officer involved in apprehending the truck and transferred two other who had participated in the operation.

Gonzalez said he was acting on a presidential decree that barred such confiscations without a court order, but prosecutor Maria del Carmen Meza insisted she had given the order to the police to hold the truck and the cargo for her inspection. At that point, police officers evidently tipped off the press that they had seized the cargo, that they had verified irregularities in the declared value, but that Gonzalez and Volpe personally ordered the cargo released.

Hours later, the press reported that Gonzalez had ordered the truck released as a political favor to Chaparro, who had made substantial contributions to Duarte's election campaign. After ascertaining that the truck's documentation was questionable, Duarte ordered an investigation, which found an outstanding warrant for the owner of the CDs. At that point Duarte gave Gonzalez and Volpe 48 hours to clarify the situation. The customs office eventually confirmed that the cargo was contraband but by then both the truck and the owner had disappeared.

"I have no ties to the person responsible for that cargo. If any evidence whatsoever surfaces, I am ready to resign in a public plaza," said Gonzalez. At the same time, he accused corrupt police of instigating the crisis. "Behind this are [police] mafias dedicated to extortion and they were affected by our interventions," said Gonzalez.

Gonzalez and Volpe resigned on Oct. 12, just before the deadline Duarte had given them to clear up the matter of the truckload of CDs. Duarte said that, while he did not hold Gonzalez personally responsible nor did he doubt his honor, he nonetheless felt he had no choice but to accept his resignation. "We are going to dismantle organized crime, and despite my affection and feelings toward Gonzalez...I therefore accepted his resignation," said Duarte. "My collaborators, my friends, need to know that the honor of the government and the expectations of the nation go beyond my affection and personal trust."

Gonzalez was among Duarte's most loyal friends and the head of his presidential campaign. His departure was an embarrassment to Duarte and his professed commitment to root out corruption. Treasury Minister Dionisio Borda announced the immediate implementation of a series of measures to strengthen customs control, especially of CDs, and the intervention of the port of Villeta, 20 km from Asuncion, where the shipment was unloaded and put on a truck to Ciudad del Este.

Figures from organizations fighting piracy of CDs and software show that during 2002, Paraguay, with a population of 5.5 million inhabitants, imported 117 million CDs from Asia, most of which were then shipped as contraband to Argentina and Brazil.

Paraguay holds number-one ranking in corruption

Paraguay has long had a reputation as a South American crossroads for contraband trafficking in pirated goods and counterfeit merchandise. As Duarte was dealing with the CD scandal, the German-based organization Transparency International (TI) on Oct. 7 released its latest report, once again naming Paraguay as the most corrupt country in Latin America and fourth most corrupt in the world.

On the Corruption Perceptions Index (CPI) for 2003, which ranked 133 countries, only Bangladesh, Nigeria, and Haiti were perceived to be more corrupt than Paraguay. The report did, however, acknowledge a slight improvement in Paraguay's efforts to combat its endemic problem (see NotiSur, 2002-09-06). Among South American countries, Paraguay had 1.6 points (10 points being the least corrupt), followed by Ecuador with 2.2 points; Bolivia, 2.3; Venezuela, 2.4; Argentina, 2.5; Peru, 3.7; Colombia, 3.7, Uruguay, 5.5; and Chile with 7.4 points, the least-corrupt country in the region. Although Chile came out better than any of its neighbors, it slipped from number 17 to number 20 this year as a result of several cases of corruption that involved high government officials and politicians (see NotiSur, 2003-03-28).

The TPI is based on 17 investigations by 13 independent institutions and examines the opinion of business people, academics, and analysts from the country in question and from other countries. The TPI named Finland (9.7) as the least-corrupt country in the world, followed by Iceland (9.6) and Denmark (9.5).

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