Chiquita, Fyffes Agree to Merge, Creating Largest Banana Company

U.S., Irish Companies' All-Stock Merger Deal Valued at $1.07 Billion

By Peter Evans
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Chiquita Brands International and Ireland's Fyffes have agreed to merge, creating the world's biggest banana company in a deal valued at $1.07 billion. Associated Press

In a $1.07 billion all-stock deal, the new company—known as ChiquitaFyffes—would have 32,000 employees and $4.6 billion in annual revenue from sales of more than 160 million boxes of bananas. Shareholders of Charlotte, N.C.-based Chiquita would own 50.7% of the stock, which is to be listed in New York, the companies said in a joint statement.

The merger would make ChiquitaFyffes the world's No. 1 supplier of bananas, catapulting it past Dole Food Co. David McCann, currently Fyffes's executive chairman, will become chief executive of the new company, while Chiquita's chief executive, Ed Lonergan, will be chairman.

"This is a milestone transaction for Chiquita and Fyffes that brings together the best of both companies," Mr. Lonergan said.

The new company is positioned to exploit growing global demand for bananas, supported by improvements to shipping which allow the yellow fruit to stay fresh for longer. Exports of
bananas increased by 7.3% in 2012 to an all-time high of 16.5 million tons, according to the United Nations.

But the proposed merger could raise competition issues ahead of its expected completion date later this year. More than 80% of the global banana trade is currently controlled by four companies—Chiquita, Fyffes, Dole and Fresh Del Monte Produce Inc. according to the U.N.

Tracing its roots back to 1870, when Lorenzo Dow Baker bought 160 bunches of bananas in Jamaica and sailed them back to Jersey City, N.J., Chiquita has a varied history. The company’s ships were used by the U.S. government during World War II, nearly causing the business to shut down.

But it was after the war that Chiquita made its mark. It was among the first companies to brand a banana, spotting an opportunity to sell to consumers with rising incomes who were eager to try "exotic" fruits like bananas and pineapples. In 1944, Chiquita introduced " Miss Chiquita, " a cartoon banana who sang about the myriad benefits of bananas, both as a tasty treat and healthy option. The character and jingle remained on screen for the next 50 years.

Chiquita's past isn't without controversy. In 2007, the company paid a $25 million fine to resolve U.S. Justice Department charges after it admitted to paying protection money to armies fighting a guerrilla war in Colombia, where one of Chiquita's most-profitable subsidiaries operated. The payments were illegal because the groups that Chiquita paid were on the U.S. State Department's list of terrorist groups.

Dublin-based Fyffes has its own storied history. Edward Wathen Fyffe took his first shipment of bananas from the Canary Islands in 1888 and sold them across London. In 1929, the company started sticks blue labels on all its produce, staking its own claim as the world's oldest fruit brand.

The companies said the merger would bring annual cost savings of at least $40 million by 2016. As well as trading in bananas, ChiquitaFyffes will have strong positions in melons, pineapples and packaged salads, the companies said.

"This deal will be transformative and offer exciting opportunities for the new business," Mr. McCann said.

Improvements in shipping are aiding the growth in demand for bananas. Bananas are mainly transported on container ships in special refrigerators. In the past they would stay fresh for up to 20 days, but recent innovations mean that life span has more than doubled.

New technology means "the banana trade is fast expanding," said Erik Hogh-Sorensen, a spokesman for Maersk Container Industry, an arm of A.P. Møller Maersk A/S, the world's biggest container shipper.

—Costas Paris, Alex MacDonald and Ed Ballard contributed to this article.

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