SPECIAL REPORT 03/2026 EN

Specific measures to support agriculture in the EU outermost regions

Help keep agriculture competitive but long-term development uncertain

CURIA RATIONUM
EUROPEAN COURT OF AUDITORS

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Why this area is important

01 Recognising the constraints faced by the outermost regions, the programme of options specific to the remote and insular nature of outermost regions (POSEI) is an EU funding instrument introduced to support agriculture in these regions. POSEI is complemented by other instruments beyond the common agricultural policy (CAP), such as cohesion, state aid or trade policy. Created in the early 1990s, it applies to the outermost regions of three member states: France (Guadeloupe, Martinique, French Guiana, La Réunion, Saint-Martin, Mayotte), Spain (the Canary Islands), and Portugal (the Azores and Madeira).

02 The EU legislative framework sets three objectives for POSEI:

- to maintain the development and strengthening the competitiveness of the traditional sectors. The main traditional sectors – historical export sectors of the outermost regions[1] – are shown in ***Figure 1***;
- to secure the long-term future and development of the livestock and crop diversification sectors; and
- to guarantee the supply of essential agricultural products.

For the next programming period (2028-2034), EU support for agriculture in the outermost regions is proposed to not be specifically earmarked and to be integrated with other EU policies for those regions.

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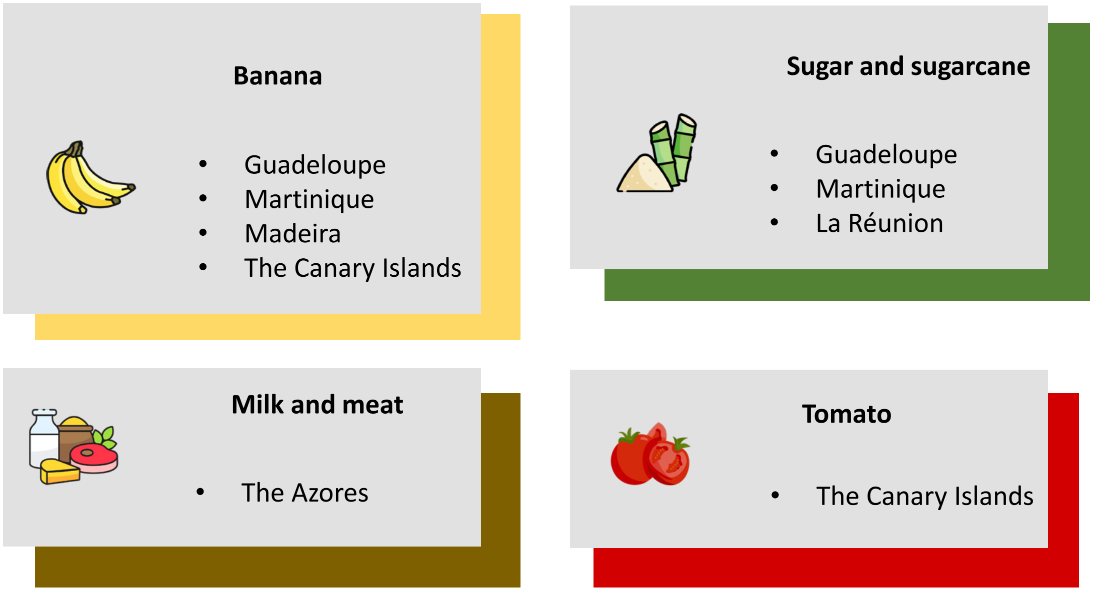
[1] Report from the Commission to the European Parliament and the Council, COM(2021) 765 final.

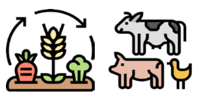
Figure 1 | Main traditional sectors in the outermost regions



Source: ECA.

03 Since 2013, the maximum EU financing per year for POSEI is €653 million per year, which is allocated to two types of measures, as shown in ***Table 1***:

Table 1 | POSEI measures and their budget allocation in 2023

POSEI Measure			POSEI objective*	% of the budget
Measures to support local agricultural production	Traditional activities		(c)	63 % €412 million
	Livestock and crop diversification*		(b)	21 % €134 million
Measures for importers of essential products to the outermost regions, to guarantee the supply of these products (specific supply arrangements)			(a)	16 % €107 million

*see POSEI regulation article 2.
Source: ECA, based on POSEI annual implementation reports.

Note: Due to the evolution of the tomato sector in the Canary Islands, we have included the budget of year 2023 under crop diversification.

04 Our audit aimed to assess whether POSEI was effective in addressing the specific needs and constraints of the outermost regions in the agricultural sector, as outlined in the objectives of POSEI (paragraph ***02***). The audit focused on the 2019-2023 period and the POSEI programmes of the three member states (paragraph ***01***). Our audit approach combined documentary review, interviews, visits to 25 beneficiaries, a review of 98 POSEI payments to beneficiaries and analysis of data and prices.

05 We decided to carry out this audit because of the significance of POSEI support for the agricultural sector in the outermost regions (paragraph ***03***). Our previous report on POSEI was published more than 15 years ago. It acknowledged that specific measures were effective and extremely important for agriculture but identified weaknesses in their management.

06 We expect our work to help the Commission and the member states concerned to enhance their strategic approach to the outermost regions, adapt the POSEI framework and the way it is implemented to deliver on its objectives, and target public funding better to address the current challenges faced by the outermost regions effectively.

07 For more background information, and details on the audit scope and approach, see ***Annex I***.

What we found and recommend

08 Overall, we conclude that POSEI did not address all the specific needs and constraints of the outermost regions. It achieved mixed results on the three objectives:

- Most of the POSEI support is directed towards traditional sectors. As such, POSEI contributed to maintaining the competitiveness for the banana sector overall and the milk sector in the Azores (paragraphs ***20***-***33***). However, it did not manage to maintain competitiveness for tomatoes in the Canary Islands or sugar in France´s outermost regions, which lost market share due to strong competition from non-EU countries (paragraphs ***34***-***42***).

- POSEI support has helped the outermost regions to maintain their livestock and crop diversification sectors, but with modest results overall. Little consideration of environmental and social challenges may affect the long-term development of these sectors (paragraphs ***43***-***58***).

- POSEI has helped to compensate for the regions’ remoteness by supporting imports of essential products. However, we identified inconsistencies and difficulties in the assessment on the way the benefit is passed on to end users (paragraphs ***59***-***69***).

09 Over 60 % of POSEI support is dedicated to the traditional sectors, namely to maintaining their development and strengthening their competitiveness in terms of production, quality or price. We found that, except for France's outermost regions, banana production has increased whereas EU support has been stable or even decreased (paragraph ***23***). We also found that EU support for bananas helps maintain competitive banana prices when entering the EU (paragraphs ***27***-***29***).

10 For the **banana sector**, the calculation of support is generally based on the actual and historical production for the current year. However, in the French and Spanish outermost regions, it also takes into account production lost due to adverse climate events, as well as bananas withdrawn from the market due to overproduction. This means that the same amount of support is paid for less marketed production, incentivising beneficiaries to maintain their production *status quo* or discouraging them from diversifying to other sectors or looking for more efficient ways of managing their production (paragraph ***24***). We noted that the distribution of support is highly concentrated in the French outermost regions (paragraphs ***25***-***26***).

11 The EU market offers higher retail prices for EU-grown bananas compared to non-EU bananas. However, the profit margin that is generated at retail level for EU bananas is realised mostly by actors other than producers, which points at their weak position in the supply chain. The price paid to producers does not cover a sufficient proportion of their costs and POSEI support is compensating this gap (paragraphs ***27***-***29***).

12 Regarding the **sugar and sugar cane sector**, a key sector for the economy of the French outermost regions, we found that while it addresses social and circular economy aspects well, its financial sustainability and competitiveness remain a concern (paragraphs ***34***-***37***). In fact, EU and national support is higher than the revenues from the sales of sugar for the beneficiaries in the sugar industries we sampled, and operating costs largely exceeded the revenues obtained from sales (paragraphs ***36***-***38***).

13 The **tomato sector** used to be a key traditional sector in the Canary Islands but has seen a sharp decrease in production and exports despite EU support (paragraphs ***40***-***41***). With the contribution of the POSEI support, the **milk sector** in the Azores has managed to maintain its competitiveness, allowing to keep a relatively stable level of production and exports (paragraphs ***30***-***32***). The lack of sufficient differentiation and valorisation of products from the outermost regions hampers the improvement of their competitiveness (paragraph ***33***).

Recommendation 1

Review the traditional activities

The Commission should work with the member states concerned to assess the long-term vision for the traditional sectors and the added value of POSEI, in particular:

(a) for the banana sector, examine the way EU support is calculated and how it could be better balanced with support for other sectors;

(b) examine how the position of the banana producers in the value chain can be improved;

(c) in order to maximise the impact and added value of the POSEI support, examine the way it is addressing the identified needs and is distributed among beneficiaries from all regions and sectors;

(d) raise awareness of opportunities to promote and differentiate EU products on the market, capitalising on the EU's high environmental and social standards.

Target implementation date: 2028.

14 Nearly one quarter of the EU POSEI budget is dedicated to the objective of securing the long-term future and **development of the livestock and crop diversification** sectors. The national funds topping up the EU contribution are significant, representing 121 % of the EU POSEI aid for France, 55 % for Spain and 29 % for Portugal (paragraph *45*). We found that POSEI had contributed to maintaining these sectors, although the livestock sector is in decline in the outermost regions of France and Spain (paragraphs *47*-*48*). We also found that structuring the non-traditional sectors around producer organisations had been difficult (paragraph *49*).

15 Finally, **the long-term future** of these sectors is threatened by the environmental, climate change and demographic challenges in the outermost regions. The large agricultural area under permanent crops in the outermost regions poses significant challenges to soil health due to lack of crop diversification or rotation (paragraph *52*). POSEI programmes do not focus on climate adaptation in the outermost regions, despite their increased risk of extreme weather events (paragraphs *53*-*55*). The outermost regions also face the demographic challenge of an aging population of farmers (paragraph *56*).

Recommendation 2

Enhance crop and livestock diversification in the outermost regions

The Commission should work with the concerned member states to reflect on:

(a) possibilities for further crop and livestock diversification based on research results and consultation with stakeholders;

(b) how to better structure those sectors (e.g. producer organisations, cooperatives, associations) to efficiently plan and sell production;

(c) how specific measures for agriculture in the outermost regions can complement other CAP interventions to support sustainable farming practices, climate adaptation and generational renewal.

Target implementation date: 2028.

16 We found that the **support for the import of essential products** to the outermost regions reduced to some extent the additional costs due to their remoteness (paragraphs ***62***-***63***). We noted inconsistencies and difficulties in the way member states assessed whether the advantage of this support was passed on to end users, and we found examples of unequal treatment of beneficiaries between the regions (paragraphs ***65***-***66*** and ***68***).

Recommendation 3

Enhancing the assessment of passing on the benefit of support for imports to end users

To facilitate a consistent approach and treatment of beneficiaries in all outermost regions, the Commission should share best practices on how to assess whether the benefit of support for imports of essential products is passed on to end users.

Target implementation date: 2027.

02 A closer look at our observations

EU support for agriculture in the outermost regions helps maintain competitiveness of traditional activities

17 We expected POSEI support to have enabled farmers to maintain or increase their competitiveness of the traditional activities in the outermost regions, which is one of the objectives of POSEI.

18 To assess the progress on competitiveness, we looked into the evolution of area, production and exports of the traditional products to help maintain their market share, the quality or differentiation of products, and the prices compared to competition. We also examined how the support was calculated and distributed, and, if the information was available, how it compared with the production costs and sales.

19 In this context, we focused on the banana sector in Martinique, Guadeloupe, Madeira and the Canary Islands; sugar and sugar cane production in La Réunion, Martinique and Guadeloupe; the tomato sector in the Canary Islands, and milk production in the Azores.

Banana support receives the largest share of POSEI budget, but there are shortcomings in the calculation of support

20 Traditional sectors such as bananas face very strong competition from non-EU countries. One key difference is that some non-EU countries have much lower labour costs per hour and allow longer working hours. For example, the minimum wage in Costa Rica, a major banana producer, is only 28 % of the minimum wage in France[2].

21 Another key difference comes from the EU's stricter requirements on the use of plant protection products, with some substances banned or restricted in the EU (and therefore in the outermost regions) but allowed in non-EU countries. For example, use of the mancozeb fungicide is not authorised anymore in the EU due to concerns over its potential impact on human health and the environment, but it is still widely used in banana-producing countries to control cercosporiosis – a plant disease. Bananas treated with mancozeb can be imported provided they comply with the current maximum residue level of 2 mg/kg[3]. These EU restrictions, beneficial for the environment and human health, often lead to more work required (e.g. mechanical weeding), higher production costs or lower yields.

22 The banana sector is the most significant sector within POSEI. It accounts for 42 % of the EU POSEI budget (€277 million) with the Canary Islands, Martinique, Guadeloupe and Madeira receiving support for banana export.

23 ***Table 2*** shows the area, production and EU support for the banana sector in 2023 and how these have changed since 2015. Our analysis shows that, in the case of Martinique and Guadeloupe, the budget allocation for bananas has remained unchanged, but the area and production have decreased significantly. Production of bananas increased in the Canary Islands (with a stable allocation of EU funds) and Madeira (with a reduced allocation of EU funds). This shows that in Guadeloupe and Martinique the EU support per kilogramme of bananas produced has increased, despite the declining performance in terms of sales and production. It is now twice that of the other outermost regions.

[2] International Labour Organisation, Global Wage Report 2020-21, p. 105.

[3] European Food Safety Authority reasoned opinion, approved on 23 November 2020.

Table 2 | Banana sector in the outermost regions – area, production, EU support (2023) and changes since 2015

	Canary Islands		Guadeloupe and Martinique		Madeira	
Area (hectares)	8 798	No change	6 807	15 %	883	19 %
Production benefiting from POSEI (tonnes)	467 256	19 %	191 047	27 %	25 207	42 %
Annual EU support (million euros)	141	No change	129	No change	7.2	9 %
EU support in €/kg banana	0.30		0.67		0.29	

Source: 2023 and 2024 annual implementation reports; 2015 POSEI programmes. 2022 report from Commission to Council and Parliament (COM(2022) 427); data of production of banana from Asociación de Organizaciones de Productores de Plátanos de Canarias (ASPROCAN) and Empresa de Gestão do sector da banana (GESBA), budget from GESBA for Madeira.

24 The calculation of support for bananas is generally based on the actual production for the current year and historical production, but also additional considerations (***Table 3***). For example, between 2019 and 2022, losses factored into the calculation of banana support represented between 11 % and 28 % of support in France's outermost regions. ***Box 1*** shows a practical example of how the POSEI support is calculated.

Table 3 | Comparison of the calculation of EU support for bananas

<table>
<tr><th></th><th>Canary Islands</th><th>Guadeloupe and Martinique</th><th>Madeira</th></tr>
<tr><td>Methodology used to calculate support</td><td>Support depends on a reference quantity allocated to producers, re-calculated every two years but limited to 420 000 tonnes.

The 2023 production was 467 000 tonnes.</td><td>Support depends on historical production of 319 000 tonnes, distributed among producers.

The 2022 production was 204 000 tonnes.</td><td>Support solely depends on the marketed production.

Support reduced if production exceeds 19 000 tonnes or area over 696 hectares.</td></tr>
<tr><td>Reference quantity</td><td colspan="2">Factored into the calculation of support.

100 % of support is paid if 70 % of the individual reference quantity is achieved.</td><td rowspan="3">N/A</td></tr>
<tr><td>Production lost due to extreme weather events</td><td colspan="2">Factored into the calculation of support.</td></tr>
<tr><td>Production withdrawn from the market in the previous years due to overproduction</td><td>Factored into the calculation of support.</td><td>N/A</td></tr>
</table>

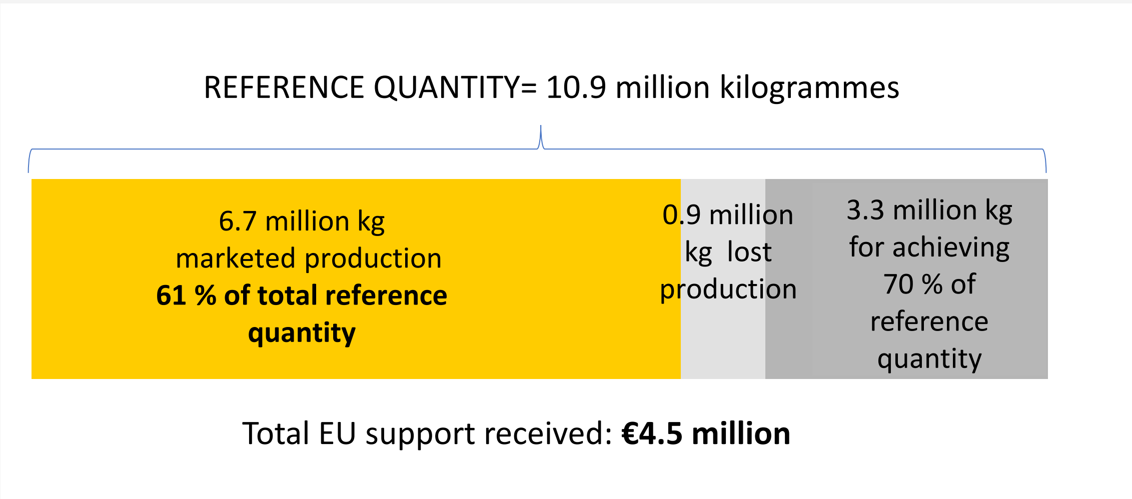
Source: ECA, based on POSEI programmes.

Box 1

Calculation of POSEI support for banana producers – an example

Source: Banana plantation, Guadeloupe.
Photo: ECA.

For one beneficiary we visited, only 61 % of the quantity taken into account to calculate the support was actually produced, in accordance with the established methodology – see below. Support was paid not only for the marketed production, but also for lost production due to prolonged drought (0.9 million kg) and for the historical production reflected in the reference quantity (3.3 million kg).



Source: ECA, based on information provided by the French authorities.

Calculating support for the banana sector this way incentivises beneficiaries to maintain their production *status quo*. It may also discourage them from diversifying to other sectors or to look for more efficient ways of managing their production.

25 ***Table 4*** shows the distribution of EU support for bananas and the amounts received by the biggest beneficiaries. In the French outermost regions in particular, we noted a clear concentration of EU funding to few big banana producers.

- the 20 biggest banana producers received €43 million, one third of EU POSEI support for the banana sector in France's outermost regions;
- In Guadeloupe, 4 banana producers belonging to one entity receive 21 % of POSEI support for bananas in this region;
- in Martinique, 6 banana producers belonging to one entity receive 12 % of POSEI support for bananas in this region.

26 The latest Commission reports on the implementation of POSEI recommended member states to ensure a fair distribution of support[4]. This referred to distribution of support between different types of farms or sectors in some outermost regions, in order to mitigate differences in income between beneficiaries and sectors, and to reinforce the coverage of specific needs. In France's outermost regions, the high level of concentration of aid in the banana sector does not indicate that this recommendation has been addressed.

[4] Reports from the Commission to the European Parliament and the Council on the implementation of the scheme of specific measures for agriculture in favour of the outermost regions of the Union (POSEI), COM(2021) 765 and COM(2016) 797.

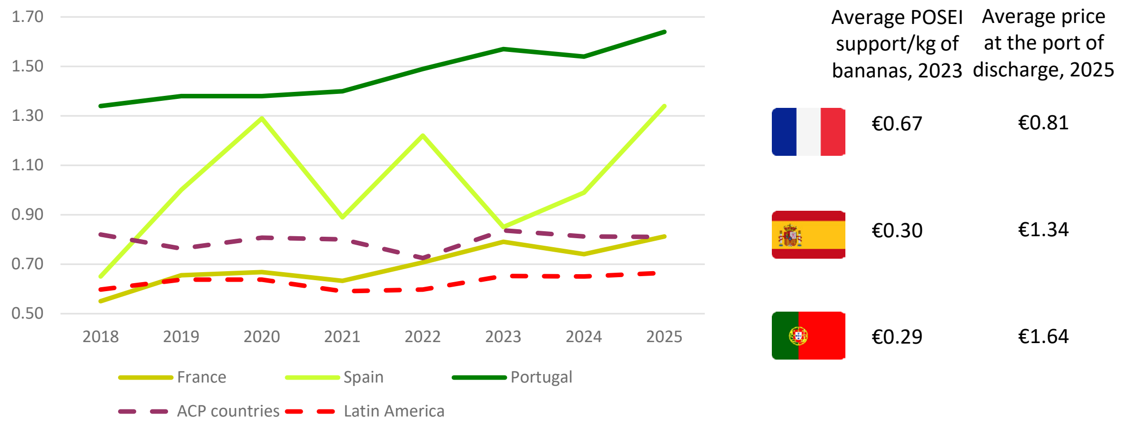
Table 4 | Distribution of POSEI funds and biggest recipients for bananas in 2023

Member state			
Outermost region	**Canary Islands**	**Guadeloupe and Martinique**	**Madeira**
POSEI support (million euros)	141	129	7
Number of beneficiaries	6 582	482	2 815
Number of beneficiaries who received over €1 million	3	44	0
% of POSEI support received by the 20 biggest beneficiaries	12 %	33 %	8 %

Source: ECA, based on annual implementation reports and information provided by member states.

27 Bananas from France's outermost regions have comparable prices at the first point of entry into the EU compared to those from non-EU countries, as shown in ***Figure 2***, while Spanish and Portuguese bananas are slightly more expensive.

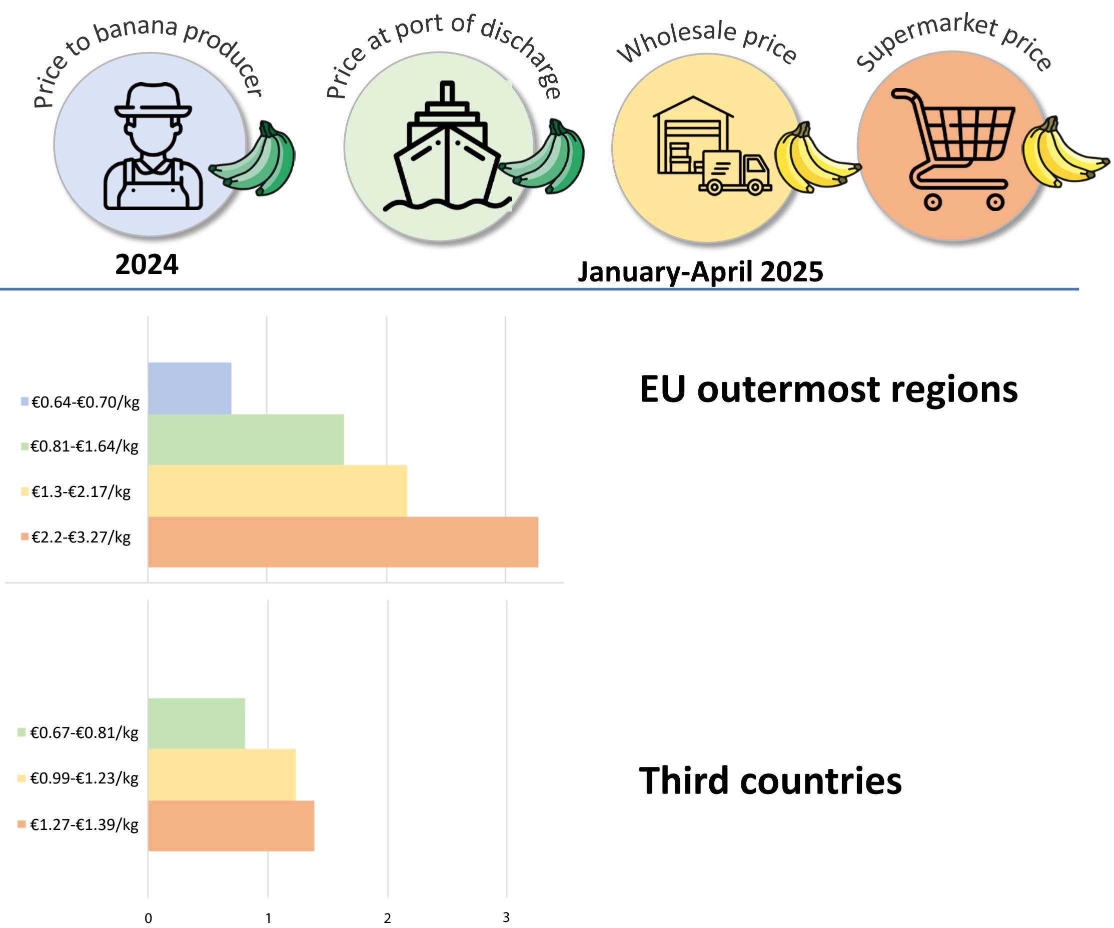
Figure 2 | Price* of bananas from France, Spain, Portugal, African, Caribbean and Pacific (ACP) countries and Latin American countries at first port of discharge in the EU (€/kg)



**Average January-April every year.*
Source: EU bananas market situation June 2022-2025, Annual implementation report 2023.

28 *Figure 3* shows the evolution of the price for bananas at different levels in the value chain. It confirms that the market allows for a considerably higher price for EU bananas than for non-EU bananas, thus creating possibilities for better covering the production costs. However, the profit margin that is generated at retail level for EU bananas is realised mostly by actors other than producers, which points at their weak position in the supply chain.

Figure 3 | Banana prices (€/kg) at various points in the value chain



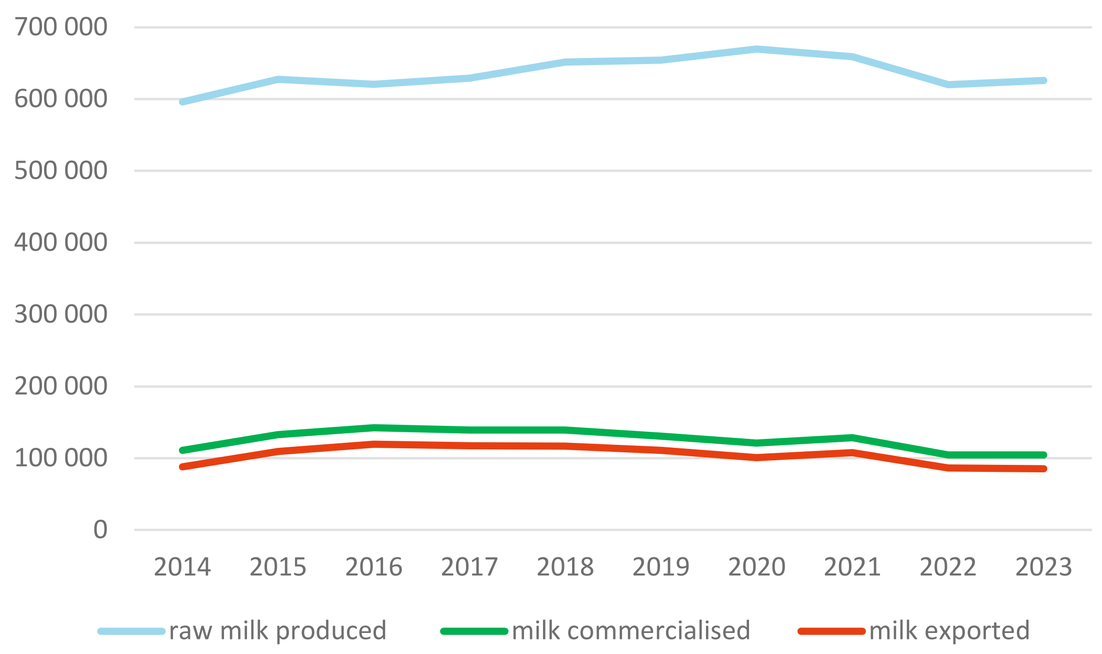
Source: ECA, based on the information provided by national authorities; EU banana market DG AGRI and Banana wholesale prices DG AGRI September 2025, supermarket price for online shopping extracted April 2025, Fishbones and findit.

29 In 2023 banana producers in the Canary Islands sold their bananas on average at €0.44/kg, while their costs were €0.71/kg – sales covered only 62 % of the production costs. We found that the situation is similar for three French beneficiaries of banana support in our sample – their sales only covered between 58 % and 87 % of their production costs. Although consumers pay more for the EU bananas, it is not the banana producers who benefit from this.

The milk sector in the Azores remains competitive

30 More than 80 % of the EU POSEI budget for the Azores goes to the traditional sectors of milk (€36 million) and meat (€21 million) and to cultivate crops to feed the cattle (€6 million). In the case of milk, this covers support for milk producers, for dairy cows, and for quality control. Data in ***Figure 4*** indicate that the production of milk has remained relatively stable over the past decade. Around 15 % of the Azores' total milk production is exported, mostly to mainland Portugal, with the rest being processed (e.g. into cheese, butter or powdered milk).

Figure 4 | Production of raw milk, and milk commercialised and exported (tonnes)



Source: ECA, based on data from the regional authorities.

31 The POSEI programme for the Azores includes measures to support milk production. Some beneficiaries receive 100 % support if their production does not fall below 80 % compared to the production of the previous year. At the same time, however, the programme includes another measure to compensate beneficiaries for reducing their milk production. (***Box 2***).

Box 2

Compensating twice for reduced production

In the Azores, if a beneficiary's production falls short of their reference quantity but stays within a 20 % margin, they still receive the full amount corresponding to their reference quantity. One of the beneficiaries we visited produced 13 % less milk than his reference quantity and was paid for 100 % of this reference quantity. At the same time, the farmer received additional support for reducing his production by 6 809 kg compared to the previous period. We therefore consider that the beneficiary was compensated twice for this quantity that was not produced.

Source: Data received from the authorities from the Azores.
Photo: ECA.

32 The Strategic Plan for the milk sector of Azores estimated that for 2019, the average production cost was higher than the average sales price received by the producers, indicating that POSEI was needed by the milk sector to be financially viable on average[5]. The retail prices for the milk produced in the Azores and produced in continental Portugal are similar.

[5] Plano Estratégico para a fileira do leite de bovinos dos Açores pp. 67, 72 and 73.

33 The sector faces difficulties to generate high added value[6] despite the good perception of the products. The authorities acknowledge that quality, differentiation, and bigger valorisation of products is to be further developed[7].

Decreased competitiveness in the sugar industry despite stable EU support for France's outermost regions

34 Support for sugar and sugarcane accounts for 25 % of the EU POSEI budget in France (€69 million). The sugar industry plays a major role in the economy of France's outermost regions. For example, in La Réunion, it accounts for more than 13 % of private sector jobs (i.e. over 18 000 jobs)[8] and more than 52 % of agricultural area, although the latter proportion is decreasing. ***Picture 1*** shows the manual harvesting of sugar cane.

[6] European Commission, Synthesis study of annual implementation reports of POSEI programmes and the programme for the smaller Aegean islands for 2015-2019, p. 169.

[7] Plano Estratégico para a fileira do leite de bovinos dos Açores, pp. 84-85, 97 and 112.

[8] French Ministry of Agriculture, Perspectives de la filière canne-sucre-rhum énergie en outre-mer, tome 1 p 3, March 2021.

Picture 1 | Sugar cane harvest

Source: ECA.

35 The sugar industry is part of a well-developed circular economy, allowing almost 100 % of sugarcane and by-products to be used. The sugar production process yields sugar cane bagasse (by-product following the extraction of juice from sugar cane), used as an electrical power source in La Réunion and Guadeloupe. Other by-products from sugar plantations and the production process also help the fruit and vegetables (soil amendment) and livestock sectors (e.g. fodder).

36 The abolition of sugar quotas in 2017 opened the EU market to greater competition from other sugar producers. This led to increased supply and lower prices[9] significantly weakening the sugar sector in France’s outermost regions. France therefore significantly complements EU support (€69 million/year) with national funds (€143 million/year).

37 Since 2015, the sugarcane area receiving POSEI support in France’s outermost regions has declined by almost 3 000 hectares (8 % of the area), while sugar production has decreased by over 30 % falling to 179 151 tonnes in 2023. The total number of beneficiaries of support for delivered sugar cane has also decreased by 26 % since 2015. As POSEI support

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[9] Agriculture Strategies – The European sugar policy: a policy to rebuild – 2019.

has remained stable, the overall EU support per kilogramme of sugar produced has increased from €0.26 to €0.38.

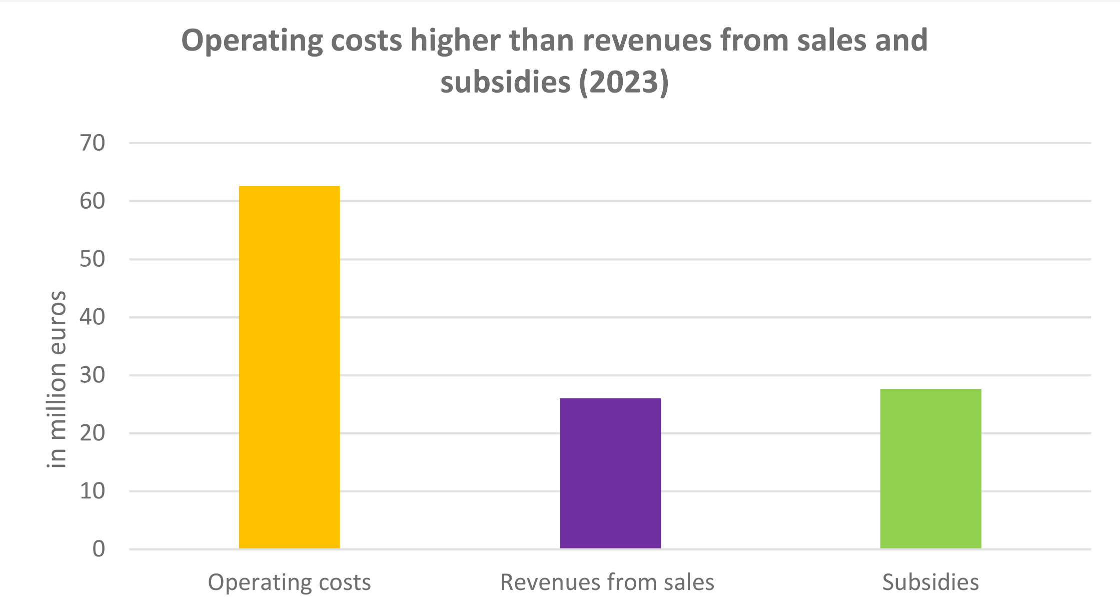
38 *Box 3* provides examples that illustrate the scale of public support for the sugar industry.

Box 3

Public support for sugar industry can exceed the selling price of sugar to cover for the large excess of operating costs

For two beneficiaries of sugar industry support we audited in La Réunion and Guadeloupe, the operating costs largely exceeded their revenues from sales. Their revenues from sales were respectively only 41 % (see graph below) and 58 % of their operating costs in 2023.

The average amount of EU and national funding per kilogramme of sugar produced by these beneficiaries exceeded their average sugar selling price.



Source: ECA, based on information provided by the French Authorities, 2023 prices; financial statements 2023.

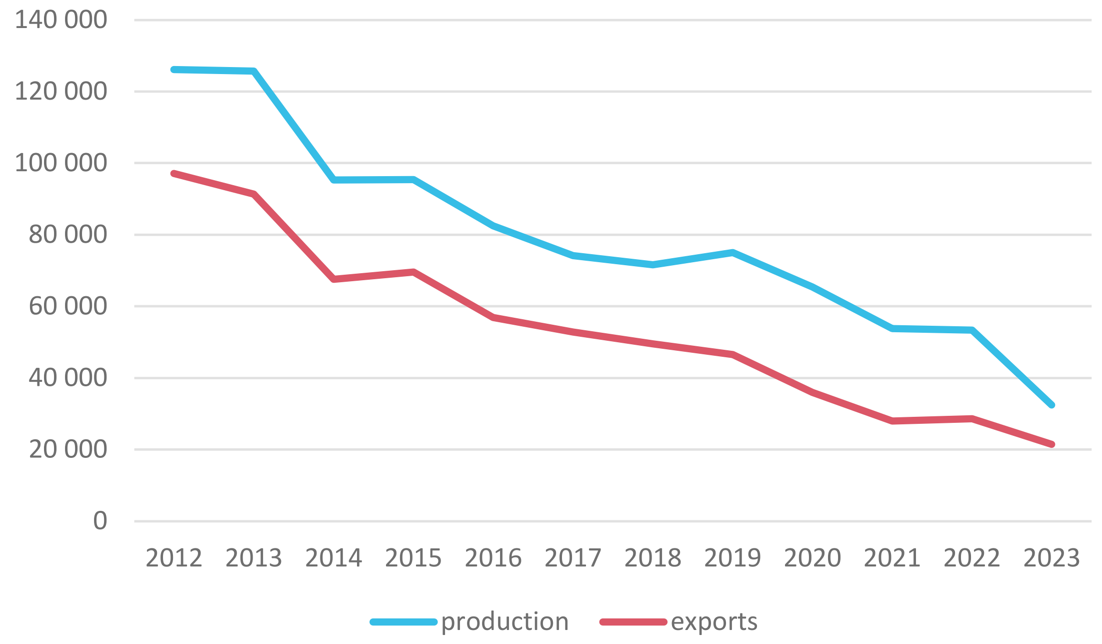
39 POSEI support did not manage to maintain the price competitiveness of the sugar industry in the French outermost regions – but competitiveness may come from higher quality products. A report from the French ministry of agriculture on the sugar, sugarcane and rhum sectors concludes that the sector needs to look for products with high added-value. It recommends that the sugar industries focus on producing more speciality sugars or developing quality sugar (e.g. bearing the organic production label or other quality labels). While the sugar industry has increased their speciality sugar production, it faces difficulties in developing the production of organic sugar. Organic sugar exported to the EU from non-

EU countries may carry an organic label even though the organic certification does not follow exactly the same standards as in the EU.

Lower production and exports in the tomato sector of the Canary Islands

40 The tomato sector used to be a key traditional sector in the Canary Islands. However, there has been a clear downward trend in production and exports (***Figure 5***). This is partly due to increasing competition from other countries[10], in particular Morocco. In 2023, around 21 500 tonnes of tomatoes from the Canary Islands were sold outside the region compared to 53 000 tonnes in 2017 – a decrease of 59 %[11]. EU support paid to tomato producers has also decreased but not to the same extent, falling from €7.7 million in 2017 to €6.7 million in 2023.

Figure 5 | Production and exports of tomatoes from the Canary Islands (tonnes)



Source: ISTAC – Instituto Canario de Estadistica.

[10] DG AGRI, Dashboard tomatoes.

[11] ISTAC – Instituto Canario de Estadística.

41 Since 2021, POSEI has supported producers in converting from tomatoes to other crops. However, the decrease of agricultural area used to grow tomatoes between 2021 and 2023 was 170 hectares, of which only 35 hectares have received support for reconversion[12]. This may be partly due to specific climate conditions in the Canary Islands, which limit the options for conversion. Nevertheless, the ongoing decline in cultivated area, production and exports of tomatoes from the Canary Islands shows that the objective of making the sector more competitive has not been achieved.

42 Maintaining and increasing competitiveness of the traditional activities is a key challenge in the outermost regions. Despite the significant POSEI support, several sectors such as sugar and tomatoes are not able to maintain their level of production, struggling with competition from third countries. The banana sector in France's outermost regions and the milk sector in the Azores have been able to keep prices similar to those of the competitors when entering the continent thanks to POSEI support, which compensated farmers for the higher production costs. For the sugar and milk sectors, the authorities acknowledge that further differentiation and higher added-value could improve their market share, and competitiveness.

EU funding for outermost regions helps maintain non-traditional sectors but long-term sustainability neglected

43 In addition to the support for competitiveness of traditional sectors, another objective of POSEI is to secure the long-term future and the development of the livestock and crop diversification sectors in the outermost regions, including the production, processing and sale of local products. We expected POSEI support to allow the outermost regions to strengthen the non-traditional sectors. We also expected that POSEI support contributed to secure the long-term future development of agriculture, taking into account its environmental and social sustainability.

44 In this context, we have assessed the development of the livestock and crop diversification sectors in terms of area and production, and the challenges to structure farmers into producer organisations, to efficiently plan and sell production. We also looked into how the POSEI programmes tackled the long-term horizon of agriculture, including environmental and social challenges of the outermost regions.

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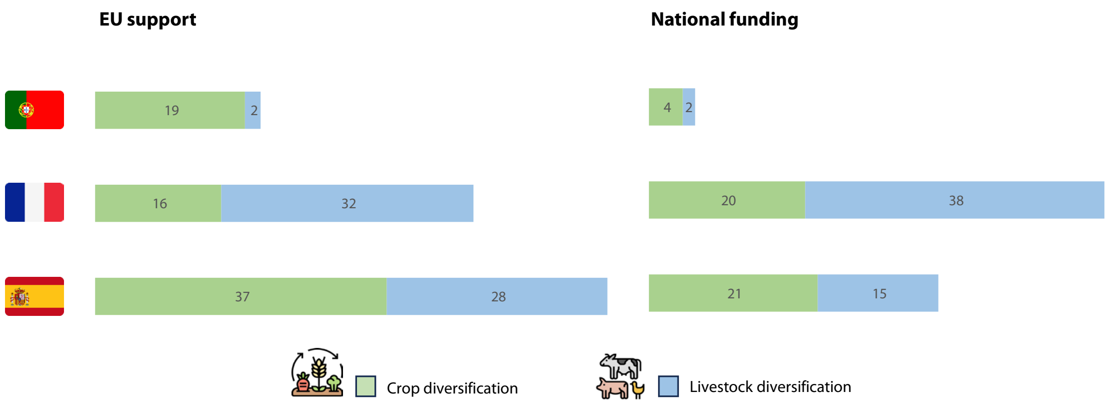
[12] ISTAC for data on area under tomatoes and data from the national authorities for the area supported for reconversions.

Little progress on the development of the livestock and crop diversification sectors

45 The livestock and crop diversification sectors together account for 21 % of the EU POSEI budget, with €72 million per year for crop diversification and €62 million per year for livestock. National authorities provide significant funds on top of these amounts (*Figure 6*). This national contribution represents 121 % of the EU POSEI aid for France, 55 % for Spain and 29 % for Portugal. More than 50 % of EU funding for crop diversification in the Azores supports forage crops to feed livestock, meaning it indirectly supports the traditional milk and meat sector, by mitigating increased costs associated with imported feed but not necessarily working towards diversification.

Figure 6 | EU and national budget for diversification sectors in 2023 (€ million)



Source: Implementation reports 2023.

Note: the budget for horizontal measures in France's outermost regions (€2.25 million) has been included in diversification and is divided equally between crops and livestock. The basic support in Madeira (€4.5 million) has been included in crop diversification. The budget in Portugal includes €6 million for forage crops for animals.

46 In the outermost regions of Spain and France, the livestock population has been in decline since 2015. In Portugal, by contrast, it has increased slightly since 2016 (*Figure 7*).

Figure 7 | Changes in livestock population in the outermost regions (number of animals) (2015-2023)

Unit size
Unit size increase
Unit size decrease

Member state	Outermost regions per member state	Bovine	Pork	Caprine
		Livestock unit and evolution since 2015 in %		
France	Guadeloupe	22 296 ▼ 31 %	3 320 ▼ 15 %	929 ▲ 4 %
France	Martinique	9 617 ▼ 2 %	2 205 ▼ 9 %	338 ▼ 25 %
France	La Réunion	15 984 ▼ 25 %	16 228 ▼ 3 %	1 337 ▲ 1 %
France	French Guiana	11 314 ▼ 15 %	1 044 ▼ 3 %	190 ▼ 32 %
Portugal	Azores	280 500 ▲ 1 %	37 000 ▲ 23 %	7 000 0 %
Portugal	Madeira	3 631 ▲ 125 %	4 284 ▲ 140 %	3 851 ▼ 39 %
Spain	Canary Islands	20 629 ▲ 13 %	42 125 ▼ 15 %	200 054 ▼ 5 %

Source: ECA, according to the 2023 annual implementation report (table IC25 data) for France; ISTAC – Instituto Canario de Estadistica for the Canary Islands; 2023 annual implementation report for the Azores and data from the 2013, 2016 and 2023 surveys of agricultural holdings 2013, 2016 and 2023, Office of Statistics of Madeira, Census 2019, INE and 2020 POSEI annual implementation reports for Madeira.

47 *Figure 8* shows how the area cultivated with fruit and vegetables has changed since 2013, indicating different trends. For example:

- except in Guadeloupe and in the Azores, the production of fruits is increasing;
- except in Guadeloupe and La Réunion, vegetable and tuber evolution is decreasing. In the French outermost regions, this is mainly due to soil contamination (Martinique) and diseases (French Guiana).

Figure 8 | Change in area cultivated with fruits, vegetables and tubers in the outermost regions (2013-2023)

Hectares
▲ *Hectare number increase*
▼ *Hectare number decrease*

	Outermost regions per member state	*Number of hectares and evolution since 2013 in %*	
		Fruits	**Vegetables and tubers**
France	**Guadeloupe**	930 ▼ 6 %	2 937 ▲ 2 %
	Martinique	738 ▲ 42 %	2 527 ▼ 3 %
	La Réunion	3 077 ▲ 11 %	2 055 ▲ 4 %
	French Guiana	5 880 ▲ 47 %	4 771 ▼ 29 %
Portugal	**Azores**	777 ▼ 12 %	N/A N/A
	Madeira	465 ▲ 21 %	1 189 ▼ 32 %
Spain	**Canary Islands**	6 841 ▲ 34 %	9 166 ▼ 19 %

France's outermost regions 2010 instead of 2013

Source: Annual implementation report, Agricultural statistics.

48 To plan and market production, promote concentration of supply, reduce production costs and stabilise producer prices, the POSEI programmes encourage producers to become members of producer organisations. For example:

- the Canary Islands provide an additional premium to producers if they belong to a producer organisation; while Portugal's outermost regions do so only for honey producers;
- in France's outermost regions, POSEI support is largely conditional upon membership of a producer organisation (88 % and 73 % of crop and livestock diversification support respectively[13]).

49 However, unlike the traditional sectors such as bananas which are well structured around producer organisations in all regions, the fruits and vegetables (crop diversification sectors) farmers are not well structured around producer organisations. For them, the number of producer organisations in the Azores and Madeira is negligible. Similarly, French Guiana, has only four producer organisations, which cover less than 0.5 % of the fruit and vegetable sector's overall production[14]. Fewer than 5 % of fruit and vegetable producers in French Guiana and about 20 % in La Réunion are members of such organisations[15]. In France's outermost regions the obligation to belong to a producers' organisation to receive POSEI support failed to attract more farmers[16]. Moreover, in France's outermost regions, about 40 % of farmers are outside the public support system because their farms are too small or because they are unwilling to be registered as such[17], meaning they do not benefit from POSEI.

50 Acknowledging the constraints the outermost regions face, we conclude that POSEI, together with substantial national funding, as confirmed by the national authorities and the beneficiaries we visited, generally helps them to maintain activity in livestock and crop diversification sectors. Progress towards a further development of these sectors has been moderate overall, with some drawbacks in specific sectors and regions (e.g. fewer cattle in French outermost regions, less area cultivated with vegetables in Madeira and with fruit in the Azores). The low uptake of producer organisations limits the ability of these sectors to

[13] ODEADOM – Analyse de la Structuration des filières végétales et élevage – 2024, p. 27.

[14] Ibid., p. 80.

[15] European Commission, Evaluation support study of the EU support schemes for agriculture in the outermost regions (POSEI) and smaller Aegean islands (SAI), 2024, p. 54.

[16] French Court of Accounts, Audit report on POSEI, 2023.

[17] Ibid.

be better structured in order to plan and market production, reduce production costs and stabilise producer prices.

Challenges for the long-term development of the livestock and crop diversification sectors

51 The Commission[18] acknowledged that POSEI programmes provided limited measures and incentives for an environmental transition, not adequately addressing the outermost regions' environmental challenges such as soil erosion and degradation, loss of biodiversity, and water scarcity. The Commission identified the promotion of sustainable farming practices as an aspect to be improved[19]. The only exception concerned incentives for organic farming in France's and Portugal's outermost regions, and the banana sector in France's outermost regions, where POSEI support is conditional upon the implementation of a sustainable production plan, with the aim of boosting the agroecological transition of cultivation systems.

52 Except in the Azores, the various POSEI programmes have mostly supported permanent crops grown in monoculture, with no consideration for crop diversification or rotation[20]. Permanent crops account for over 50 % of total agricultural area in La Réunion, the Canary Islands and Mayotte, over 40 % in Martinique and Guadeloupe, and over one third in Madeira. The significant agricultural area under permanent crops in the outermost regions poses challenges to soil health due to lack of crop diversification or rotation, which may impact the long-term development of the agricultural activities.

53 The European Climate Risk Assessment estimates that all the EU's outermost regions will be heavily impacted by climate change, through an increase in high-intensity hurricanes and a reduction in rainfall in all regions except French Guiana, where it forecasts increased rainfall variability and extreme precipitation events. These changes will affect agriculture. This report acknowledges that EU policies, including POSEI, consider the needs and challenges of the outermost regions; however, it notes that these policies do not specifically address climate adaptation. According to the French authorities, between 2011 and 2018, around two extreme climate events a year affected the

[18] European Commission, Evaluation support study of the EU support schemes for agriculture in the outermost regions (POSEI) and smaller Aegean islands (SAI), 2024, p. 64.

[19] Report from the Commission to the European Parliament and the Council, COM(2021) 765.

[20] European Commission, Evaluation support study of the EU support schemes for agriculture in the outermost regions (POSEI) and smaller Aegean islands (SAI), 2024, p. 75.

French outermost regions. Between 2019 and 2024 this statistic increases to five extreme climate events a year.

54 In cases of force majeure or exceptional circumstances (to be defined by the member states), Article 29 of the POSEI Implementing Regulation provides for the continuation of aid to farmers based on the level of production they would have achieved had the event in question not occurred. The Canary Islands used this support once after the volcanic eruption in la Palma in 2021, while France (Martinique) used it 2020, 2021 and 2024 to compensate producers for losses after prolonged drought. ***Table 5*** shows examples of extreme weather events covered by exceptional support for farmers in the outermost regions.

Table 5 | Extreme weather events in 2023-2025 covered by exceptional support for farmers in the outermost regions

	**Cyclones**	Guadeloupe (2023), Mayotte (2024), La Réunion (2024 and 2025)
	**Extended droughts**	Canary Islands and Mayotte (2023), Azores, French Guiana, Martinique, La Réunion (2024).

Source: ECA, based on information from regional authorities.

55 POSEI programmes do not focus on climate adaptation in the outermost regions, despite their increased risk of extreme weather events. Whereas crop insurance allows farmers to transfer the risk of extreme weather events to insurers, access to insurance varies significantly in the outermost regions:

- Farmers in the Canary Islands have access to the Spanish national insurance system. All banana producers are insured.
- Portugal offers EU support for insurance premium through its rural development programme, but it accounts for just 0.4 % of the rural development budget in Madeira and less than 0.05 % in the Azores.
- France’s outermost regions are excluded from EU rural development support for insurance, which only applies in mainland France. Farmers in France’s outermost regions are generally not insured and rely on support provided after extreme weather events.

56 In addition to environmental challenges, the outermost regions face social challenges that may threaten the long-term future development of the agricultural sector. Like the mainland, the outermost regions face the demographic challenge of an aging population of farmers. For example, farmers above 55 years old represented[21]:

- 68 % of the farmers in Madeira;
- 61 % of the farmers in the Canary Islands; and
- 54 % and 58 % of the farmers respectively in Guadeloupe and Martinique.

The Canary Islands and France's outermost regions provide additional POSEI support for young farmers. Support for young farmers is essentially provided under the rural development programmes. This amount remained rather small in the French and Portuguese outermost regions (less than 4 % of the budget in the French outermost regions, 1 % in Madeira and 3 % in the Azores). In the Canary Islands the share was 11 %.

57 POSEI support is generally linked to production, meaning the more farmers produce, the greater the support provided. This favours the big producers over small scale farmers who have higher unit production costs and lack economies of scale. Capping or degressive support is very rare in POSEI measures:

- In France's outermost regions, we identified one measure concerning livestock diversification that provides a higher level of support for the first quantity and another, concerning rum production, that limits support over a certain quantity.
- The Azores used to exempt the first tonnes of production or first hectares per beneficiary from the capping of support for three measures, but this has not been applied in recent years.
- In Madeira farmers receive a degressive support; they receive a fixed amount of €400 for areas below 0.5 hectares and €700 for areas above 0.5 hectares (e.g. a farmer with 0.1 hectare will receive €400 whereas a farmer with 2 hectares will receive €700).

58 Regarding the long-term future development of agriculture in the outermost regions, we found that POSEI mainly focuses on economic sustainability and provides little incentives to address environmental and social sustainability. The significant agricultural area under permanent crops in the outermost regions poses significant challenges to soil health due to lack of crop diversification or rotation. POSEI programmes do not focus on climate

[21] Eurostat, latest data available 2020.

adaptation in the outermost regions, despite their increased risk of extreme weather events. The outermost regions also face the demographic challenge of an aging population of farmers. These issues threaten the long-term development of the agricultural sectors in the outermost regions.

Support for essential products imports partially compensates for outermost regions' remoteness, but there are weaknesses in compliance checks

59 Another objective of POSEI is to guarantee the supply of essential products to the outermost regions by mitigating the additional costs due to their remoteness, without harming local production. We expected POSEI support to mitigate these additional costs and the resulting benefit to actually be passed on to end users.

60 We looked at the coverage rates of supply of essential products and the extent to which additional costs due to remoteness are covered by the Specific Supply Arrangements (SSA) of POSEI. We also assessed whether the local production could be harmed by the support of imports with the SSA, and we reviewed how the regions check that the benefit of the support is passed on to end users.

61 SSAs provide financial support to importers to guarantee the supply of essential agricultural products to the outermost regions and compensate for their remoteness and insularity. SSA support totals €107 million per year and accounts for around 16 % of the total POSEI budget. ***Table 6*** shows that France's outermost regions, the Azores and the Canary Islands allocate most of their budgets to importing products for animal feed which supports the livestock sector development, while Madeira's SSA focuses on imports for human consumption. 55 % of the SSA supports imports of animal feed.

Table 6 | Specific Supply Arrangements mostly support animal feed, 2023

Outermost regions	SSA for animal feed (million euros)	Share of total SSA
France's outermost regions	23.8	93 %
Canary Islands	27.5	51 %
Azores	5.1	82 %
Madeira	2.7	25 %

Source: POSEI 2023 annual implementation reports.

62 SSAs have to some extent reduced the additional costs of importing essential products to the outermost regions due to their remoteness and insularity. In France's outermost regions, the SSA covers 48 % of the additional import costs for animal feed processors. The overall coverage rate for the supply of products needed remains below 40 %. In Madeira, coverage rates of additional costs range from 15 % to 141 %, with overcompensation for some products such as oil, beef and rice. The Azorean SSA covers 57 % of the additional costs for cereals to produce animal feed in 2023 but this coverage has been decreasing over time since the budget has remained constant, while transport costs have increased.

63 Due to SSA, prices for most products for human consumption in Madeira and for some products in the Canary Islands (e.g. sugar) are lower than on the continent. However, animal feed remained more expensive in both regions. This is also the case for France's outermost regions, despite 93 % of its SSA being allocated to animal feed (***Table 6***). By contrast, animal feed in the Azores is cheaper than on the mainland. Therefore, we conclude that POSEI support under the SSA only partially compensates for the additional costs due to remoteness of the outermost regions. Moreover, despite the SSA considerably supporting the livestock sector in the French outermost regions, the livestock population has decreased (see paragraph ***45***).

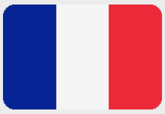
64 In general, we did not find that the imports supported by the SSA harmed the local production. Whenever there was a potential conflict, products imported were directed to a different market than those supplied by local producers. The constraints to produce locally were in general justifying the imports. However, it is relevant to highlight the significant dependence on certain products, such as fodder in the Canary Islands or beef and pork in Madeira.

65 Article 13 of the POSEI Regulation states that the impact of the economic advantage of SSAs should be passed on to the final user. Article 6 of the POSEI Implementing Regulation provides that the competent authorities should "take all appropriate measures to check that the advantage is actually passed on to the end user" and may use the margins and prices applied by the various operators concerned. The Commission did not include the requirement of passing on the SSA's benefit to the end user in the post-2027 legislative proposal.

66 To do so, member states assess whether the margins obtained by the beneficiaries of SSAs are "reasonable". In the absence of EU guidelines, each member state has established its own methodology. ***Table 7*** outlines the different methodologies for this assessment, while ***Box 4*** shows the differences in the outcomes of their assessments, ultimately resulting in unequal treatment of beneficiaries.

67 For one beneficiary of SSA support we audited in the Canary Islands, we found that one product had a gross margin of 56 % in 2023, which raises questions as to whether its benefits were passed on to end users for this specific product. This beneficiary was not checked by the competent authorities. In any case, for all the beneficiaries in our sample that were checked, the authorities concluded there was no evidence that the benefit of the SSA was not passed on to end users.

Table 7 | Differing levels of assessment to check whether advantage has been passed to end users

Member state			
Key methodology points used of the assessment	• Margin for supported product not higher than beneficiary's overall margin. • Margin not higher than for products not supported.	• Comparison with beneficiary's overall margin and previous margins. • Comparison with margins in mainland Spain and with reference prices.	• Comparison of prices with reference prices and those of similar companies. • Comparison of actual margins with declared margins (Madeira).

Source: ECA, based on official documents and control reports for our sample of beneficiaries.

Box 4

Example of inconsistencies in assessing whether the economic advantage of Specific Supply Arrangements is passed on to end users

In Madeira, the report on a check on one beneficiary we selected showed a margin of 40 % for one product. Even though this was higher than the margin of the other products, the authorities considered it reasonable and reported no issues.

In France's outermost regions, two out of five checks in our sample showed margins for some products exceeding the average margin of the company concerned, leading to two recovery orders and a legal challenge by one beneficiary. The French authorities assessed that in these cases the economic advantage of the SSA had **not** been passed on to end users.

68 In addition to the absence of consistent guidelines and rules for assessing whether benefits are passed on to the end user, several other factors make this assessment difficult. They include limitations in the accounting records from some beneficiaries, lack of comparable data, absence of standardised system of registration of products that are processed, market price volatility, differences in profit margins based on the end products (raw materials or processed) sold. When auditing the SSA, the Commission found the French control system to be the most comprehensive (with on-the-spot checks at the beneficiaries' premises).

69 Overall, SSAs mainly support imports of animal feed, and to a lesser extent, the supply of products for human consumption. The support makes it possible to partially cover the additional costs due to remoteness. In the absence of a consistent methodology for assessing whether the benefit of SSAs benefits is passed on to end users, we note that the use of different approaches across regions results in unequal treatments of beneficiaries.

This report was adopted by Chamber I, headed by Ms Joëlle Elvinger, Member of the Court of Auditors, in Luxembourg at its meeting of 10 December 2025.

For the Court of Auditors

Tony Murphy
President

Annexes

Annex I – About the audit

EU funding scheme for outermost regions

01 The Programme of options specific to the remote and insular nature of outermost regions (POSEI) is an EU funding instrument introduced to support agriculture in the EU outermost regions. It was created in 1991 for the French outermost regions (Guadeloupe, Martinique, French Guiana, La Réunion, Saint-Martin, and since 2014, Mayotte) and introduced in 1992 for the Canary Islands (Spain) and, the Azores and Madeira (Portugal)[1] – see ***Figure 1***.

Figure 1 | The EU's outermost regions

Source: ECA.

[1] Council regulations (EEC) 3763/91, 1600/92 and 1601/92.

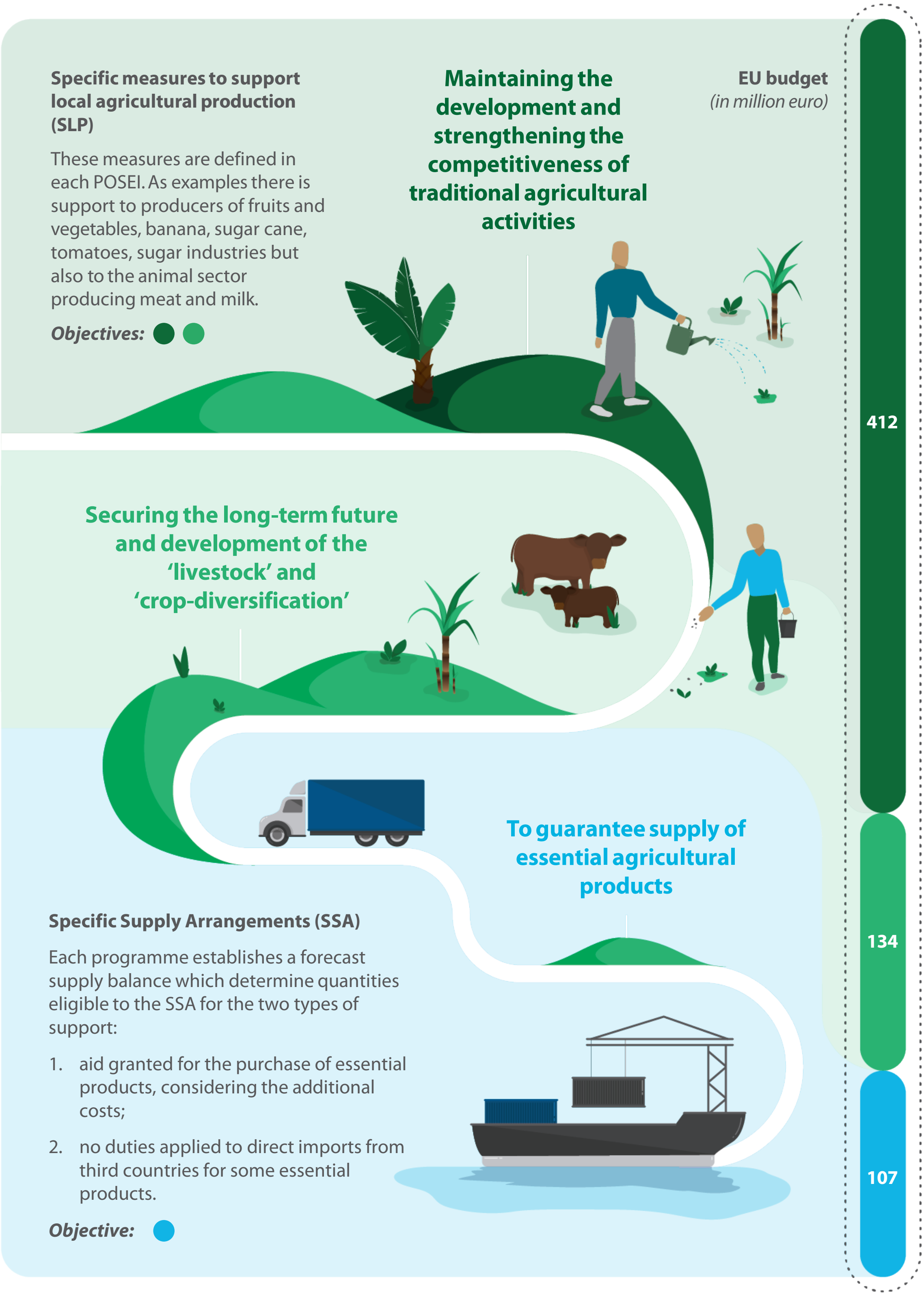
02 The EU legal framework[2] recognises the constraints faced by the outermost regions, namely "remoteness, insularity, small size, difficult topography and climate and economic dependence on a few products" which restrict their development. It provides for specific measures in agriculture, fisheries, cohesion, state aid, taxation aiming at addressing those constraints.

03 The POSEI scheme underwent successive reforms in 2001, 2006 and 2013. Regulation (EU) 228/2013 (the POSEI Regulation), which replaced Council Regulation (EC) No 247/2006, lays down specific measures for agriculture in the EU's outermost regions. It sets three objectives and two types of measures aiming to support their achievement (***Figure 2***):

- Measures to support local agricultural production ("**SLP measures**"). These measures aim to maintain the development and strengthen the competitiveness of traditional activities in the outermost regions but also to develop the livestock and crop diversification.
- Specific supply arrangements measures ("**SSA measures**"), to guarantee the supply of essential agricultural products to the outermost regions. The products and their quantities that each member state's outermost regions need to import from the EU, and the amount of aid are set out in a "forecast supply balance" in its POSEI programme.

[2] Article 349 of the Treaty on the Functioning of the European Union (TFEU).

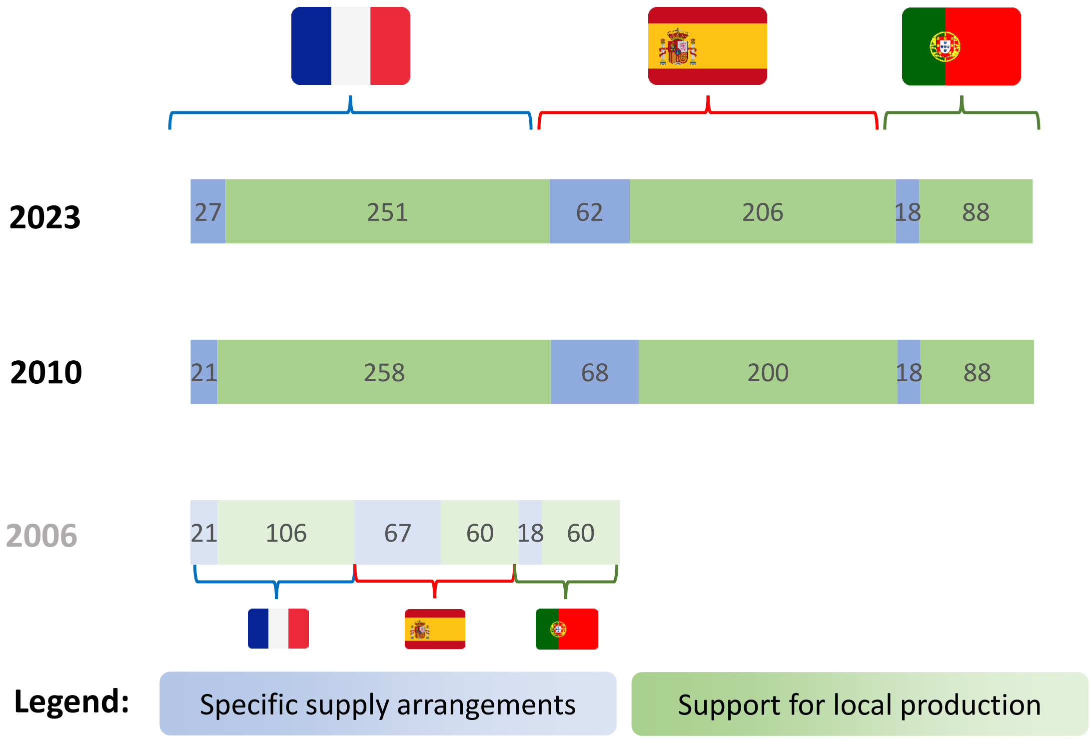
Figure 2 | Objectives, measures and EU annual budget of the POSEI (2023)



Source: ECA, based on Regulation (EU) 228/2013 and implementation reports from national authorities.

04 The POSEI Regulation has essentially remained unchanged for the last 12 years. The EU POSEI budget has also remained fairly stable since 2010[3]. A significant change to the programme occurred in 2007, when the banana sector was incorporated into POSEI, increasing the programme's budget by 86 %, from €332 million to €619 million, as the support for the banana sector was transferred from another fund. Since 2010, the overall POSEI budget has remained around €653 million – see ***Figure 3***.

Figure 3 | EU POSEI budget (in million euros)



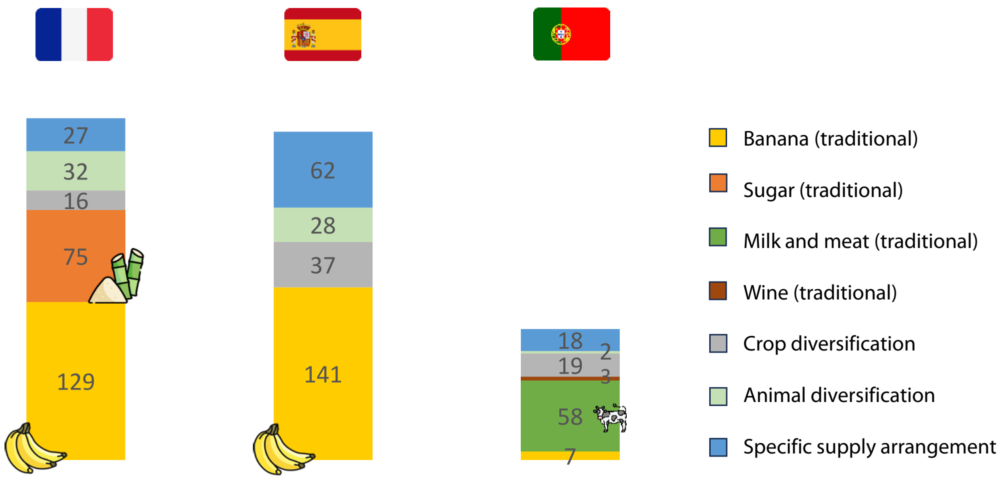
Source: Annual implementation reports and POSEI programmes, Commission's reports on the implementation of POSEI (2016 and 2021).

[3] European Commission's reports on the implementation of POSEI (2016 and 2021), 2023 POSEI national/regional implementation reports, and 2024 programmes.

05 The Commission's proposal for post-2027 CAP[4] repeals the current legislation on POSEI. EU support for agriculture in the outermost regions is proposed to not be specifically earmarked and to be integrated with other EU policies for those regions. The objective of support for imported agricultural product is proposed to remain the same. The objective on strengthening the competitiveness of traditional activities is proposed to be embedded in a comprehensive objective dedicated to securing the long-term future and development of local production, fisheries and aquaculture. An explicit focus on food security and self-sufficiency has been added.

06 Most of the budget for measures to support local production has been directed towards the regions' traditional activities (***Figure 4***).

Figure 4 | Distribution of EU POSEI budget (in million euros) in 2023



Source: ECA, based on annual implementation reports and POSEI programmes.

[4] COM(2025) 560, COM(2025) 565, COM(2025) 553.

07 *Figure 5* shows how the total agricultural area and number of holdings in the outermost regions have decreased overall since 2010.

Figure 5 | Evolution of agricultural area and holdings in the outermost regions from 2010 to 2023

	Outermost regions per member state	Utilised agricultural area in 2023	Evolution since 2010 in %		Number of agricultural holdings in 2023	Main sectors
France	Guadeloupe	31 487	▼ 1 %	▼ 6 %	7 377	
	Martinique	25 297	▲ 1%	▼ 23 %	2 554	
	La Réunion	37 566	▼ 12 %	▼ 24 %	5 773	
	French Guiana	38 435	▲ 53 %	▲ 3 %	6 175	
	Mayotte	5 959	▼ 16 %	▼ 72 %	4 312	
Portugal	Azores*	120 590	0 %	▼ 32 %	9 263	
	Madeira*	4 703	▼ 13 %	▼ 10 %	12 202	
Spain	Canary Islands*	40 042	▼ 4 %	▼ 13 %	12 266	

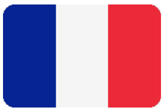
*Data available for 2009.
Note: for Canary Islands we used the cultivated area not the utilised agricultural area.

Source: ECA, based on France RAE and memo agreste 2024 for Mayotte, Instituto Nacional de Estatistica de Portugal, Serviço Regional de Estatística dos Açores, Direção Regional de Estatística da Madeira, Canarias Instituto Canario de Estadística.

08 POSEI provides an important source of income to maintain agricultural activities in those regions and, for some farmers, is equivalent to a large share of their turnover from agricultural activities. The importance of this support varies by sector and depending on the size of the farmer's holding.

09 As reported by the Commission, direct payments received by commercial farms in the EU-27 in 2022 under CAP represented 19 % of their agricultural income on average. The share of agricultural income represented by POSEI support (which is equivalent to direct payments) is significantly higher in the outermost regions of France and Portugal, but lower in the Canary Islands (***Table 1***).

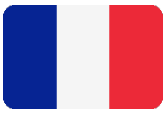
Table 1 | POSEI support as share of farms' agricultural income (2022 data)

Member state	Outermost region	POSEI support (€)	Agricultural income (€)	POSEI support as % of farm income
	Guadeloupe	27 570	28 530	97 %
	La Réunion	25 499	48 839	52 %
	Azores and Madeira	8 570	33 235	26 %
	Canary Islands	19 639	120 952	16 %

Source: European Commission, Farm Accountancy Data Network (FADN) Public Database. Data for Martinique, Mayotte and French Guiana is not publicly available/existing in the FADN database.

10 The average size of agricultural holdings in the outermost regions is significantly smaller than in the continental EU (*Table 2*).

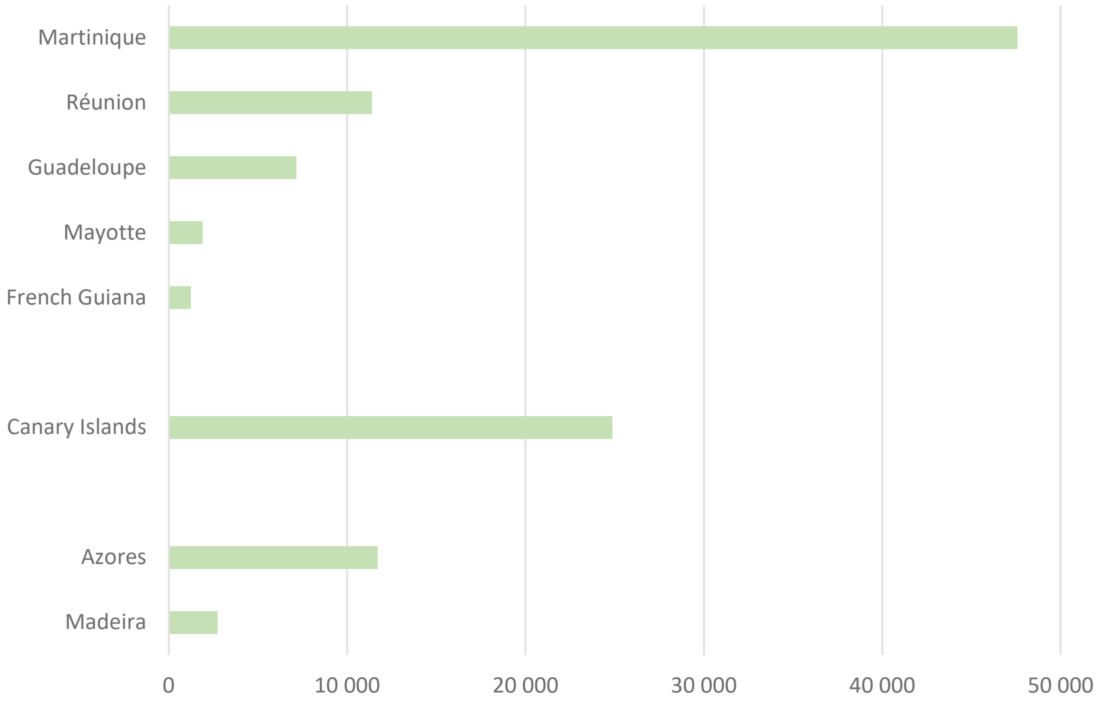
Table 2 | Average size of agricultural holdings in the outermost regions compared to corresponding member state (in hectares)

Member state	Average size of agricultural holdings	Outermost region	Average size of agricultural holdings in hectares
	70	Martinique	9.9
		La Réunion	6.6
		French Guiana	6.2
		Guadeloupe	4.3
		Mayotte	1.4
	26	Canary Islands	3.3
	15	Azores	12.5
		Madeira	0.4

Source: ECA, based on 2023 POSEI annual implementation report and 2020 Agricultural Census.

11 French Guiana has the largest agricultural area at 38 435 hectares and receives the lowest support. *Figure 6* illustrates the differences between the outermost regions. The average POSEI support per agricultural holding ranges from €1 200 – €2 700 in French Guiana, Mayotte, and Madeira, to almost €25 000 in the Canary Islands and over €47 000 in Martinique.

Figure 6 | POSEI support per agricultural holding, in euros



Note: These figures exclude support for the sugar industry.

Source: ECA, based on annual Implementation Reports 2023.

Main roles and responsibilities

12 Our auditees were the Commission's Directorate-General for Agriculture and Rural development (DG AGRI) and the three member states concerned, which manage jointly the POSEI scheme (shared management). The member states (France, Portugal and Spain) are responsible for designing, implementing and monitoring their annual POSEI programmes. Each member state also submits an annual report on the implementation of its programme to the Commission.

13 The annual implementation reports provide a comprehensive overview of the situation in the agricultural sector in their outermost regions, the implementation of their budgets and the results of the POSEI measures. They include indicators[5] which provide useful and comparable information on, for example, the level of coverage of the specific supply arrangements in the outermost regions, prices compared to those in the continental EU, changes in agricultural area, livestock populations, quantities of main agricultural products, and employment in the agricultural sector. The annual implementation reports also monitor the progress towards targets set for the individual measures to support local production.

14 The Commission is responsible for making and revising the relevant legislative proposals and for drafting rules for implementing the POSEI. The Commission approved the programmes submitted in 2006 by the member states, as well as their annual revisions, and monitors their implementation. While the design and management of the programme is very decentralised in the outermost regions of Spain and Portugal, those of France depend more on the central administration.

15 Every five years, the Commission prepares a general report on the implementation of the POSEI scheme. The last report was published in 2021 and concluded that:

- POSEI was "fairly effective" in reaching its objective of guaranteeing the supply of products essential for human consumption or for processing as agricultural input;
- SSA and SLP measures had been implemented in a coherent manner without harming local production or its growth;
- SLP measures had been "fairly effective" in securing the long-term future and development of the livestock and crop diversification sectors, but less effective in the traditional crop sectors, where production was decreasing in most sub-sectors.

[5] Annex VIII to POSEI implementing Regulation 180/2014.

Audit objective, scope and approach

16 The objective of this audit was to assess whether POSEI has been effective in addressing the outermost regions' specific needs and constraints in the agricultural sector, helping to meet the three objectives of the programme (*Figure 2*). Specifically, we examined whether the programme:

- contributed to strengthening the competitiveness of the traditional sectors in the outermost regions (e.g. bananas, sugar cane, tomatoes and milk);
- secured the long-term future and development of the agricultural sector; and
- was effective in guaranteeing the supply of essential agricultural products.

17 The audit covered the assessment of POSEI programmes of the three member states in the period 2019-2023 and focused on a sample of 98 payments for 2023. Saint-Martin was not included in our scope due to its very small size. Our sample was selected to ensure broad coverage of the various outermost regions, measures and objectives, as well as operations of varying size and materiality. From this sample of payments, we selected 25 beneficiaries to be visited on the spot following the same criteria abovementioned. Our audit approach combined document review, data analysis and fieldwork. *Figure 7* shows how we obtained evidence for our observations.

Figure 7 | Our audit approach: work carried out

Review of relevant documents, including strategic, legislative, policy and project documents, performance and statistical data and reports, monitoring and implementation reports, audit reports or reports from other stakeholders.

Interviews with staff of two Commission directorates-general (DG AGRI and DG TRADE), relevant national and regional authorities, stakeholders and selected beneficiaries.

On-the-spot visits to 25 beneficiaries in Guadeloupe, Martinique, French Guiana, the Azores and the Canary Islands, to assess the effectiveness of POSEI support for their activity.

Price analysis of agricultural products in the outermost regions and benchmarking against prices on the continent.

Desk review and analysis of a sample of 98 transactions to assess their contribution to the achievement of POSEI objectives.

Source: ECA.

Abbreviations

Abbreviation	Definition/Explanation
CAP	Common agricultural policy
POSEI	Programme d’options spécifiques à l’éloignement et à l’insularité
SLP	Support for local production
SSA	Specific supply arrangements

Glossary

Term	Definition/Explanation
Capping	Upper limit on support a farmer can receive.
Circular economy	Economic system based on reusing, sharing, repairing, refurbishing, remanufacturing and recycling materials in order to minimise resource use, waste and emissions, notably through the way products and production processes are designed.
Degressive support	Support that is reduced progressively based on the area farmed or quantity produced.
Fodder	Food for cattle and other livestock.
POSEI	Scheme that provides support for agriculture in the outermost regions of the EU because they are remote, on islands or have a difficult climate.
Price at port of discharge	Price of goods at the first port of entry to the EU before unloading.
Producer organisations	Cooperative or other body that helps farmers reduce their costs by working together when processing and marketing their products.
Reference quantity	In the context of this report, a figure, based on historical data, which is used to calculate (POSEI) support.
Rural development	Part of the common agricultural policy that aims to strengthen the social, environmental and economic sustainability of rural areas.
Tuber	Family of plants whose roots or stems can be consumed (e.g potato, yam, manioc).

Replies of the Commission

https://www.eca.europa.eu/en/publications/sr-2026-03

Timeline

https://www.eca.europa.eu/en/publications/sr-2026-03

Audit team

The ECA's special reports set out the results of its audits of EU policies and programmes, or of management-related topics from specific budgetary areas. The ECA selects and designs these audit tasks to be of maximum impact by considering the risks to performance or compliance, the level of income or spending involved, forthcoming developments and political and public interest.

This performance audit was carried out by Audit Chamber I – Sustainable use of natural resources, headed by ECA Member Joëlle Elvinger. The audit was led by ECA Member Klaus-Heiner Lehne, supported by Thomas Arntz, Head of Private Office and Marc-Oliver Heidkamp, Private Office Attaché; Ramona Bortnowschi, Principal Manager; Céline Ollier, Head of Task; Xavier Ignasi Farrero Gonzalez, Deputy Head of Task; Paulo Faria, Auditor; Paula Sanz Alba, Trainee. Michael Pyper provided linguistic support. Dunja Weibel provided graphical support.

From left to right: Paulo Faria, Dunja Weibel, Paula Sanz Alba, Marc-Oliver Heidkamp, Klaus-Heiner Lehne, Thomas Arntz, Céline Ollier, Michael Pyper, Xavier Ignasi Farrero Gonzalez, Ramona Bortnowschi.

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European Court of Auditors, special report 03/2026 “Specific measures to support agriculture in the EU outermost regions – Help keep agriculture competitive but long-term development uncertain”, Publications Office of the European Union, 2026.

Since 1990, the EU has had a specific fund to support agriculture in its outermost regions, which also aims to guarantee the supply of essential agricultural products. We assessed whether this fund addressed the needs and constraints of the outermost regions. We found that it contributed to maintaining the competitiveness of some traditional sectors and supported the diversification of agriculture, though with modest results, while neglecting sustainability considerations. Finally, we found that it partially compensated for additional import costs, but it was difficult to assess whether these benefits were passed on to end users. We recommend re-examining support for traditional agricultural activities, enhancing crop and livestock diversification, and improving the assessment of whether the benefits of support for imports are reaching end users.

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EUROPEAN COURT OF AUDITORS
12, rue Alcide De Gasperi
1615 Luxembourg
LUXEMBOURG

Tel. +352 4398-1

Enquiries: eca.europa.eu/en/contact
Website: eca.europa.eu
Social media: @EUauditors