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Spring 2006), we outlined the potential release of substantial CRP acreage in 2007 and 2008 and noted that USDA was working on re-enrolling much of that acreage. Originally, 26.4 million acres of CRP land could have re-entered crop production between 2007 and 2009. However, following USDA’s aggressive re-enrollment and extension program for CRP, now only 7.7 million acres are scheduled to be released from CRP during that period. Most of this acreage is in the western Great Plains and is more likely suited for wheat than for corn. So while some CRP land can be brought into corn production in the short term, CRP acreage will only be part of the shift.

In 2006, U.S. producers planted nearly 80 million acres of corn, 10 million acres shy of the projected demand for 2010. Both the Food and Agricultural Polity Research Institute (FAPRI) and Informa have recently projected 2007 corn acreage at roughly 83 million acres. In both cases, the corn acreage mostly comes at the expense of soybeans. FAPRI projects 71.3 million acres of soybeans in 2007; Informa gives 71.8 million acres; and both of these projections are down from the 2006 crop year total of 74.9 million acres. These results also suggest that the upper Midwest and the eastern Great Plains will be where additional corn acreage is found.

Potential from Shifts in Crop Rotations
The most likely source of new corn acreage will come from shifts in crop rotation from soybeans to corn. In most of the Corn Belt, corn and soybeans are planted in a two-year rotation. Planting corn two years in a row usually results in a 10 to 20 percent yield decline in the second year. This well-known yield effect drives many producers to a “standard” corn-soybean rotation. Over the 2000–2006 crop years, many states exhibited this rotational pattern, including Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, and South Dakota. However, if ethanol’s demand for corn shifts the corn-soybean price ratio even more in favor of corn, then planting corn after corn will look more economically attractive. One possible option is for producers to move to a three-year rotation—two years of corn followed by one year of soybeans. Producers could capture the relatively higher corn prices more often while still capturing some of the agronomic benefits of rotating soybeans into the crop mix.

Table 1 shows the potential shifts in acreage if some of the major corn-producing states move to a 2/1 rotation between corn and soybeans. Iowa and Illinois would add nearly 3 million acres of corn each. Those 6 million acres would move the United States much closer to a national total of 90 million corn acres. If all of the states listed in Table 1 shifted rotations and all other states held to their historical average corn acreage, this would push the U.S. total to over 97 million corn acres.

These numbers show that the potential is there for the United States to reach a 90-million-acre corn crop in the near future and that most of the “new” corn acres most likely are in corn production now. Given the crude oil price outlook for the next several years, ethanol’s expansion is apt to continue for some time. Even under higher corn prices, ethanol returns still look promising. And as Dr. Collins pointed out in his testimony, given fuel prices and the demand outlook, ethanol plants will likely compete for corn even at record high corn prices. The full need for additional corn acreage will depend on many factors, including fuel prices, fuel demand, and the demand for corn for livestock feeding.

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**Working Papers**


**MATRIC Briefing Paper**

Global Prospects for Dairy in Argentina and Chile: Evidence from Field Visits and Model Simulations. Frank H. Fuller, John C. Beghin, Michael Boland, Bruce A. Babcock, and William Foster. August 2006. 06-MBP 11.


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