

Peanut Acreage Trends: How has the distribution of US planted peanut acreage changed since the passage of Farm Security and Rural Investment Act of 2002?

National Center for Peanut Competitiveness

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Situation:

With the passage of the Farm Security and Rural Investment Act (FSRIA) of 2002 came many changes to the peanut industry. As a result, the decades long peanut price support program was eliminated. These changes forced the US peanut industry to evolve and adapt to a new environment deemed necessary to insure the potential longevity and economic viability of the US peanut industry. These changes were also a necessity as the ever-changing implications of international trade and policy play an expanding role in the US agricultural sector. A main point of interest regarding the FSRIA of 2002 was the elimination of the producer owned peanut quotas that provided an elevated price floor for the production of quota pounds controlled by a peanut producer. Once these quotes were eliminated, all potential peanut producers in the US had equal opportunities to produce peanuts as a commodity on their farms for the competitive market price. Agricultural experts predicted that the distribution of planted peanut acreage would take a different shape once the quotas were eliminated, but the extent of spatial and quantitative distributions would be left to speculations until such events actually occurred. To the stakeholders of the peanut industry, including producers, farm and industrial equipment manufacturers, buying points, shellers, blanchers, brokerage firms, shipping and transportation companies, state and federal agencies, as well as many various product manufacturers, the changing dynamics would be directly affected by where the US peanut supply originates.

Response:

The National Center for Peanut Competitiveness (NCPC) continues to analyze the effects the passage of the FSRIA of 2002 has on the distribution of planted peanut acreage in the United States. Preliminary data obtained through cooperation with Farm Service Agency (FSA) personnel was used in this analysis. Analysis of the 2005 FSA certified acres by county data shows similar trends continuing during the 2005 planting season as have been seen in years since the passage of the FSRIA of 2002.

Results:

Preliminary US total planted peanut acreage for 2005, excluding minor acreage states, is reported to be 1,621,383 acres, up 200,125 acres or 12 percent from the 2004 total of 1,421,258 acres and up 97,604 acres or 6 percent from the average planted acreage from 1998-2001 of 1,523,779 acres.

The southeast (AL, FL, GA, & MS) continues to expand overall acreage in 2005 through the growth of traditional and non-traditional producing areas like extreme southern and eastern Georgia, north central Florida westward across the Florida panhandle, southwestern and central Alabama, and southern Mississippi. The southeast planted 70 percent of the US planted acreage

in 2005. This percentage has continued to rise since the passage of FSRIA of 2002. The four-year average prior to the 2002 Farm Bill for the southeast was 54 percent of US planted acreage.

The Virginia-Carolina (VA, NC, & SC) production region, or the VC, planted 19 percent of the US planted acreage in 2005. This has trended downward from the pre 2002 Farm Bill average of 33 percent. South Carolina, however, continues to expand acreage in areas of non-traditional production all across the row crop regions of the state. The expansion is weighted to the south central regions of the state at this time. Virginia and North Carolina have decreased planted acreage over all. Acreage in the traditional production areas of extreme northwest North Carolina and extreme southeast Virginia has migrated southward to east-central and southwest North Carolina.

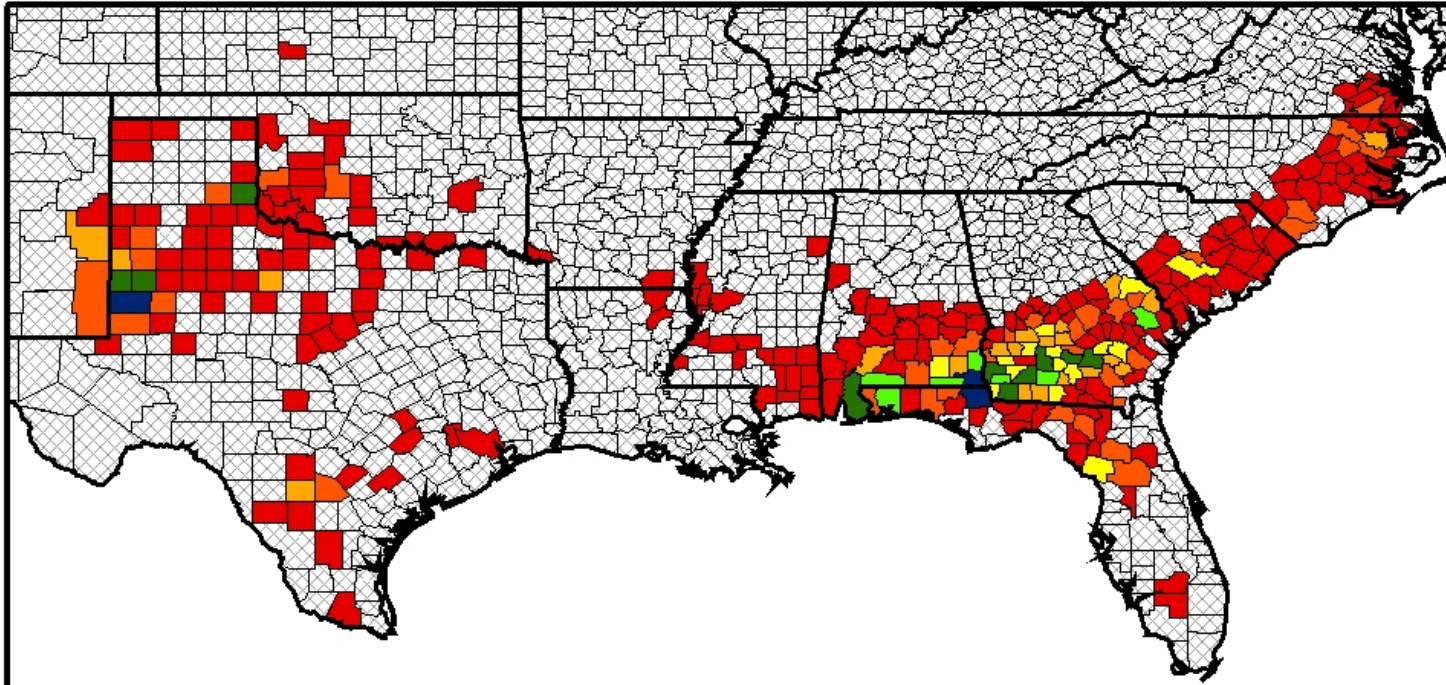
In the southwest (TX, NM, & OK) production area, planted peanut acreage does not exhibit the well-defined geographical trends that the before mentioned regions have displayed. Texas, New Mexico and Oklahoma collectively planted fewer acres than was planted in the four years prior to the 2002 Farm Bill. New Mexico acreage has stayed relatively constant while Oklahoma has shown a consistent decline in statewide acreage. Only a few Oklahoma counties planted more acres in 2005 than was planted on average from 1998-2001. Acreage has declined in most southern and central counties of Texas. Although there is reported acreage planted throughout the majority of Texas, the west Texas high plains have become the strong hold for peanut acreage in the state.

Although many areas have not reached their bounds, there are limits as to how many acres of peanuts a geographical area can plant and harvest efficiently. Acreage should begin, and in many cases already has begun, to plateau in some of the recently expanding areas. Rotational constraints, irrigation availability, soil type, timing of harvest, weather patterns, production costs and commodity prices are all functions of planted peanut acreage, both spatially and quantitatively.

This type analysis can provide peanut industry stakeholders a great deal of clarity as to the viability of long-term investments into the highly specialized equipment and facilities that the peanut industry requires.

Acknowledgement:

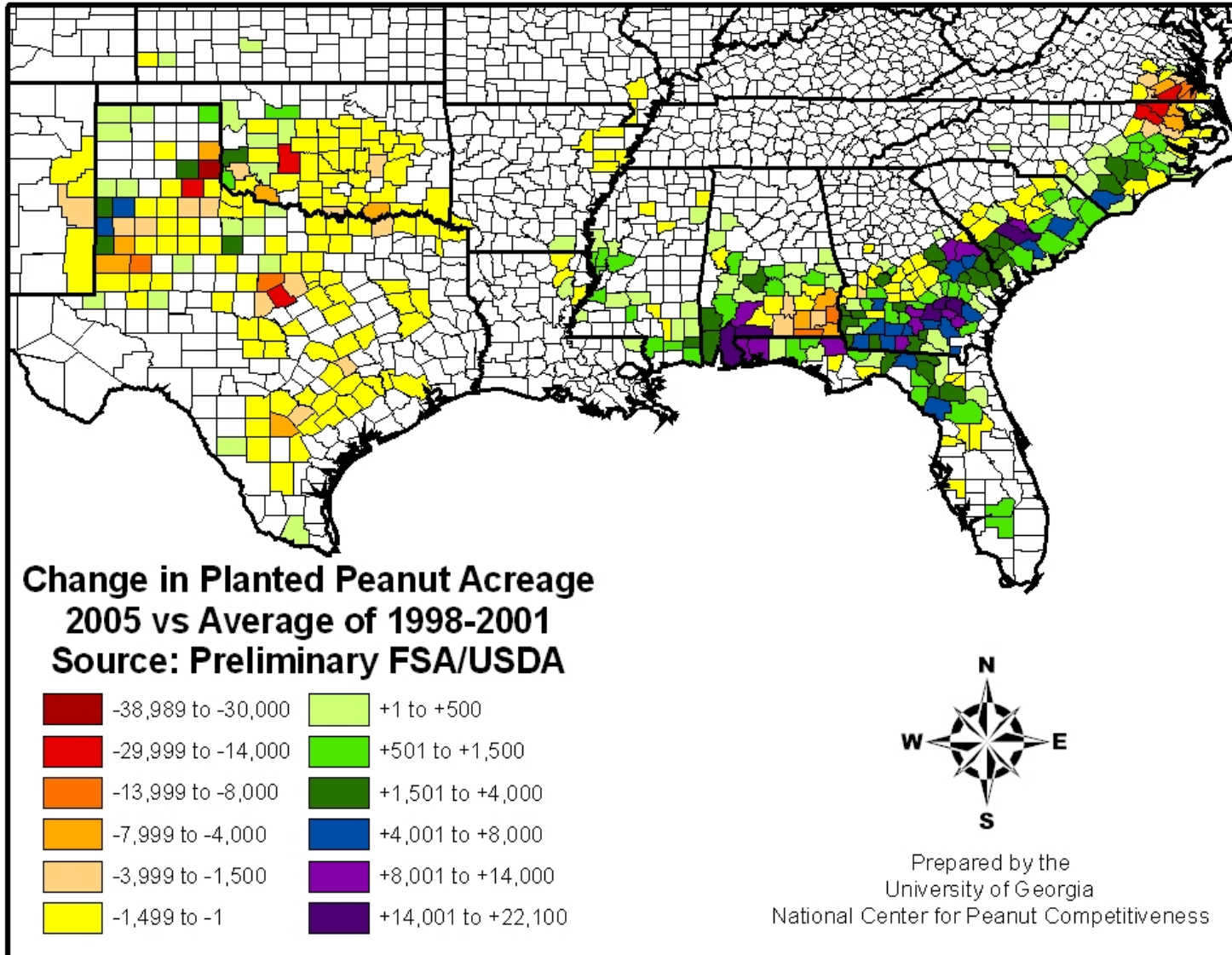
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2005 Preliminary FSA Planted Peanut Acreage



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