

Considering Clearcutting CRP Trees and Converting Land Use to Annual Crops



The Entomology and Forest Resources
Digital Information Work Group

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Introduction

Reserve Program tree acres will be converted for annual crop production when CRP contracts expire. The up-front cost of preparing land for annual crops after trees is often high enough to discourage this conversion.

Considerations for clearing trees and planting annual crops

- Value of trees at harvest? (yr. 15, 20, pine straw, hunting, etc.)
- Cost of land clearing, terraces? (\$200 to \$350 / Acre?)
- Soil productivity (erosion, drought, slope, soil type)
- Farm management plan? (govt. program participation, Swampbusting if wetland)
- Alternate crops: corn, soybeans, cotton, hay, pasture?
- Annual net returns to crops?
- Crop requirements: capital, equipment, labor
- Why is land in CRP now?

Recovering land reclearing costs

If land is cleared, the crop following trees must be profitable enough to cover the cost in a reasonable time frame. Evaluating land productivity, costs of crop production, and projected crop prices are important when considering clearing land for annual crops. Also, consider why your land is enrolled in the CRP

program. Your local County Extension Agent can help you figure net returns for crops under consideration on your land. Net annual crop returns needed to recover land reclearing costs, after tree harvest, are shown in Table 1.

Implications for the CRP landowner

Tree plantings from the Soil Bank Program (1956-1960) have remained almost totally in production forest in Georgia since 1956. CRP tree plantings from the 1985-1993 period should remain likewise. Landowners will earn attractive returns from continued land use in trees on marginal cropland currently in the CRP. This is consistent with study results showing that pine plantations are more profitable on marginal row crop land in Georgia than either corn or soybeans except under the most optimistic price assumptions. Further, real prices of most agricultural crops are projected to decline whereas real tree product prices are expected to remain constant or increase slightly.

Keeping these lands planted in trees will also reduce soil erosion while increasing the future supply of timber in Georgia. Other benefits of keeping CRP land in trees include improved water quality, enhanced fish and wildlife habitat, reduced stream and road-side sediment, and reduced production of surplus agricultural commodities. In addition, pesticide application on forest land is greatly reduced relative to row-crop land.

^{1,2,3}1998. Considering Clearcutting CRP Trees and Converting Land Use to Annual Crops. Georgia Cooperative Extension Service, College of Agricultural and Environmental Sciences, The University of Georgia, Athens, GA 30602 U. S. A.

1998. The Entomology and Forest Resources Digital Information Work Group, College of Agricultural and Environmental Sciences and Warnell School of Forest Resources, The University of Georgia, Tifton, Georgia 31793 U. S. A. BUGWOOD 98-202

<http://www.bugwood.caes.uga.edu/>

Table 1. Net returns (1) from annual crops needed to recover land clearing costs after a tree crop, shown in dollars per acre (2).

<u>Clearing Cost, \$/A</u>	<u>Years to recover cost</u>	<u>Annual \$/A</u>
200	1	220
	5	53
	10	33
	15	27
	20	23
	25	22
	30	21
250	1	275
	5	66
	10	41
	15	33
	20	29
	25	28
	30	27
300	1	330
	5	79
	10	49
	15	39
	20	35
	25	33
	30	32
350	1	385
	5	92
	10	57
	15	46
	20	41
	25	39
	30	37

1. The installment payment formula is used.

2. A 10 percent interest rate for borrowed capital is assumed for these calculations.