Broadband CapEx Investment Looking Up in 2017
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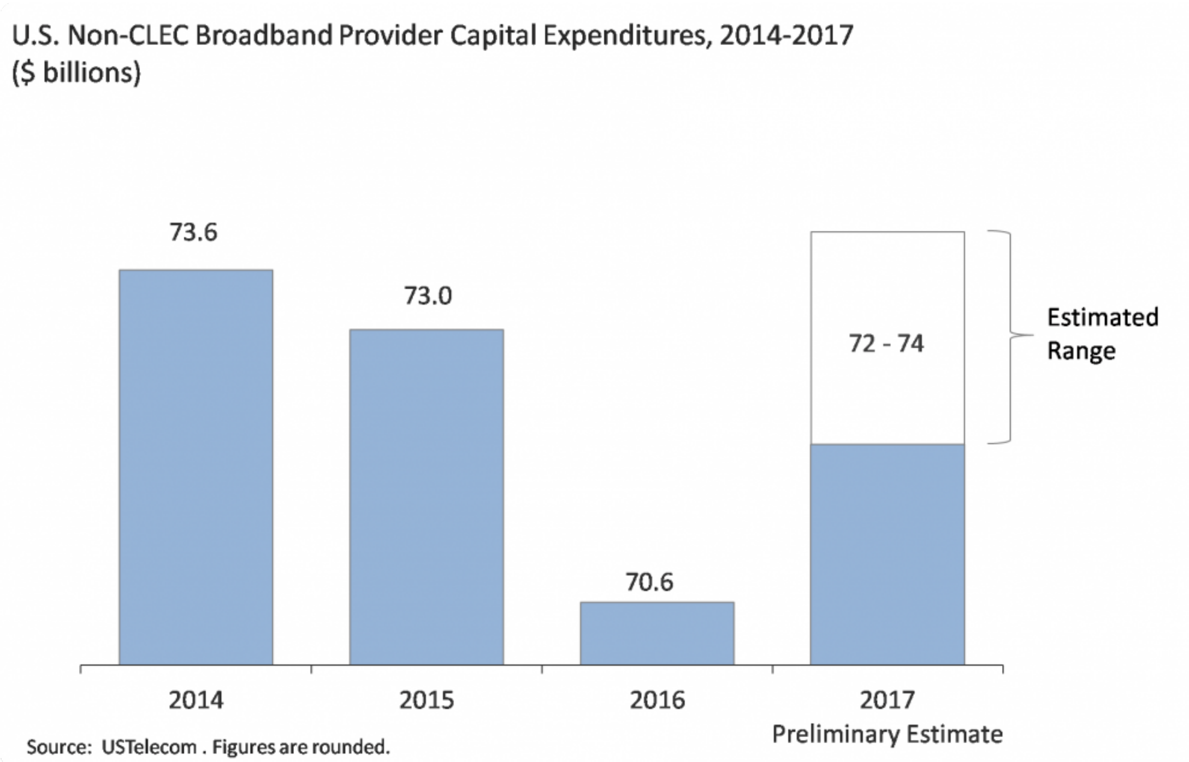
As pro-consumer policy incentives for broadband innovation and investment continue to take root, the two-year decline in private capital investment in U.S. broadband infrastructure from 2014 to 2016 appears to be in the rearview mirror, according to a preliminary USTelecom analysis of the 2017 capital expenditures of wireline, wireless, and cable broadband service providers[1].

U.S. broadband companies, excluding independent competitive local providers and fiber operators[2], have invested between $72 and $74 billion in network infrastructure in 2017, compared to $70.6 billion in 2016, showing at least an increase of nearly $1.5 billion.



[1] USTelecom will publish final numbers once it can account for non-reporting companies, including independent competitive local providers and fiber operators, and fine-tune eliminations for certain capex that is not included in the historical series.
[2] USTelecom excluded independent competitive local providers and fiber providers because we have not finalized data for non-reporting private companies. The companies included here represent the vast majority of U.S. broadband capex.

Many factors affect these figures—from the overall health of the economy to intense and rising competition, not only among broadband providers but across the internet with the ongoing convergence of entertainment, media and communications.

But as someone who closely watches and works with the companies that are among the leading investors in our nation's economy, it is essential that we give substantial credit where it is clearly due—restoring U.S. innovation policy to the constructive, nimble and pro-consumer framework that has guided the meteoric rise of our economy since the early days of the internet.

It is no coincidence that the broadband capex slow down coincided with the previous FCC—in its final two years—abruptly shifting course down a sharply more regulatory path headlined by the controversial attempt to subject consumer broadband services to heavy, archaic regulations written nearly a century ago.

Equally true, this capex recovery in 2017 coincides with the current FCC leadership's emphasis on consistent, modern policies that seek to create a more level playing field across the internet ecosystem—ensuring company investments will be treated fairly AND consumers will be protected consistently wherever they go online.

Among the key recent and restorative steps:

- Recognition that the world and technologies have changed and many outdated rules undercut rather than advance the public interest in pro-investment policies.
- Encouraging signals that the federal government aims to be a strong partner in connecting high-cost rural areas, most recently evidenced by this week's launch of the CAF II auction.
- Net neutrality principles without onerous utility regulation—and an insistence that these principles be applied consistently for consumers across the internet and not solely on ISPs.

Of course, the future investment landscape is far from guaranteed. For example, California appears poised to turn back the clock and reinstate heavy, backward looking, internet regulations, jeopardizing the state's status as the crown jewel of the global innovation economy.

But a return to sound federal policy—for rural America, for consumers, for head-to-head competition on a level playing field—is helping revive investment in ever stronger, faster and more innovative networks that continue to bring progress and opportunity home for communities across our nation.

If the recent broadband capex roller coaster teaches us anything, it's that markets, along with consumers and innovators, resist uncertainty and inconsistency. This dip and apparent recovery should be a powerful reminder that not only do policymakers have to get it right—they have to KEEP getting it right—and consistently pull in a constructive direction that benefits us all.

Today, a preliminary look at the data suggests the investment tide may have turned. Now, it's up to all of us to work together to keep it going the right direction.