

# ESMA sees a prolonged period of risk from market corrections

The European Securities and Markets Authority (ESMA), the EU's securities markets regulator, has today published its first [Risk Dashboard \(RD\)](#) for 2021 covering the first quarter of the year. The RD highlights that the main risk for EU financial markets remains that posed by a sudden risk reassessment, amid the general decoupling of securities prices from economic fundamentals, and is maintains its risk assessment at a very high level.

Valuations in EU financial markets for most market segments are now at or above pre-COVID-19 levels. They remain highly sensitive to events and volatility, as shown by the market movements related to Gamestop and the impact that a potentially slow roll-out of vaccines had on equity prices.

Fixed income valuations are now far above their pre-COVID-19 levels, in part due to continued monetary policy support. A sudden risk reassessment, amid the general decoupling of securities prices from economic fundamentals, remains the main risk for EU financial markets and ESMA therefore maintains its risk assessment. Credit risk is likely to increase further due to increasing corporate and public debt levels.

Looking ahead, ESMA anticipates a prolonged period of risk to institutional and retail investors of further – possibly significant – market corrections and sees very high risks across its whole remit. The extent to which these risks will further materialise will critically depend on market expectations on monetary and fiscal policy support as well as on the pace of the economic recovery.

ESMA remit	Level Outlook	Risk categories	Level Outlook	Risk drivers	Outlook
Overall ESMA remit	Red square →	Liquidity	Red square →	Macroeconomic environment	→
Securities markets	Red square →	Market	Red square →	Interest-rate environment	→
Infrastructures and services	Orange square →	Contagion	Yellow square ↗	Sovereign and private debt markets	↗
Asset management	Red square →	Credit	Yellow square ↗	Infrastructure disruptions	→
Consumers	Orange square ↗	Operational	Yellow square →	Political and event risks	→

Note: Assessment of the main risks by risk segments for markets under ESMA's remit since the last assessment, and outlook for the forthcoming quarter. Assessment of the main risks by risk categories and sources for markets under ESMA's remit since the last assessment, and outlook for the forthcoming quarter. Risk assessment based on categorisation of the European Supervisory Authorities (ESA) Joint Committee. Colours indicate current risk intensity. Coding: green=potential risk, yellow=elevated risk, orange=high risk, red=very high risk. Upward arrows indicate an increase in risk intensities, downward arrows a decrease and horizontal arrows no change. Change is measured with respect to the previous quarter; the outlook refers to the forthcoming quarter. ESMA risk assessment based on quantitative indicators and analyst judgement.

# Media advisory – Transport, Telecommunications and Energy Council (Telecommunications), 4 June 2021



## Indicative programme

**Friday 4 June 2021**

Place:

ECCL, Luxembourg

Chair:

**Pedro Nuno Santos**, Portuguese Minister for Infrastructure and Housing

*All times are approximate and subject to change*

from 08.45

Arrivals ([live streaming](#))

**10.00**

**Beginning of the Transport, Telecommunications and Energy Council (Telecommunications)**

10.05 Data governance act ([public session](#))

10.30 Cybersecurity ([public session](#))

10.55 2030 Digital compass ([public session](#))

12.35 Any other business ([public session](#))

- ePrivacy regulation
- Roaming regulation
- Artificial Intelligence Act
- Regulation on a framework for a European digital identity
- Common Union toolbox for connectivity
- Digital assembly 2021
- ITU elections
  
- Work programme of the incoming Presidency

At the end of the meeting (+/- 13.45) press conference in [live streaming](#)

## Arrangements for the press conferences

Please note that there will be no physical press conference. EU accredited journalists will be able to ask questions remotely using [this link](#).

Journalists who already registered for the previous meetings of Transport and Telecommunications Council do not need to do it again.

**Deadline for registration: Friday, 4 June 2021, 12.45**

Further instructions will be sent to all registered participants approximately half an hour after the deadline.

[Videos and photos from the event](#)

[Visit the meeting page](#)

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## [Travel restrictions: Council adds Japan to the list of countries for which member states should gradually lift restrictions on non-essential travel](#)



Following a review under the recommendation on the gradual lifting of the temporary restrictions on non-essential travel into the EU, the Council updated the list of countries for which travel restrictions should be lifted to add Japan. As stipulated in the Council recommendation, this list will continue to be reviewed every two weeks and, as the case may be, updated.

Based on the criteria and conditions set out in the recommendation, as from 3 June 2021 member states should **gradually lift the travel restrictions at the external borders for residents of the following third countries:**

- Australia
- Israel
- Japan
- New Zealand
- Rwanda
- Singapore
- South Korea
- Thailand
  
- China, subject to confirmation of reciprocity

Travel restrictions should also be gradually lifted for the special administrative regions of China Hong Kong and Macao, subject to confirmation of reciprocity.

Residents of Andorra, Monaco, San Marino and the Vatican should be considered as EU residents for the purpose of this recommendation.

The **criteria** to determine the third countries for which the current travel restriction should be lifted were updated on 20 May 2021. They cover the epidemiological situation and overall response to COVID-19, as well as the reliability of the available information and data sources. Reciprocity should also be taken into account on a case by case basis.

Schengen associated countries (Iceland, Lichtenstein, Norway, Switzerland) also take part in this recommendation.

## **Background**

On 30 June 2020 the Council adopted a recommendation on the gradual lifting of the temporary restrictions on non-essential travel into the EU. This recommendation included an initial list of countries for which member states should start lifting the travel restrictions at the external borders. The list is reviewed every two weeks and, as the case may be, updated.

On 20 May, the Council adopted an amending recommendation to respond to the ongoing vaccination campaigns by introducing certain waivers for vaccinated persons and easing the criteria to lift restrictions for third countries. At the same time, the amendments take into account the possible risks posed by new variants by setting out an emergency brake mechanism to quickly react to the emergence of a variant of interest or concern in a third country.

The Council recommendation is not a legally binding instrument. The authorities of the member states remain responsible for implementing the content of the recommendation. They may, in full transparency, lift only progressively travel restrictions towards countries listed.

A Member State should not decide to lift the travel restrictions for non-listed third countries before this has been decided in a coordinated manner.

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## **[Rail at the forefront of smart and sustainable mobility – Council adopts conclusions](#)**



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## [Inland navigation: Council approves general approach to allow continued work by non-EU nationals](#)



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