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April 2024

Employment and Social Developments in Europe

European Commission

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The Employment and Social Developments Quarterly Review provides an in-depth analysis of recent labour market and social developments. It is prepared in the Directorate "Employment and Social Governance, Analysis" of the Directorate-General for Employment, Social Affairs and Inclusion by the Analysis and Statistics Unit. The main contributors for part I are L. Moreau, E. Paessler and M. Delanghe. The main contributors for part II are E. Paessler and J. Caisl with input from F. Domanico, F. Siebern-Thomas, and N. Najjar.

A wide range of information sources were used to produce this report, including Eurostat statistics[1], reports and survey data from the Commission's Directorate-General for Economic and Financial Affairs as well as the 2020 wave of the International Social Survey Programme.

Charts and tables in part I are based on the latest available data at the time of publication and include among others Eurostat data on national accounts (employment and GDP) for the fourth quarter of 2023, the Labour Force Survey for the fourth quarter of 2023, and monthly unemployment for February 2024. Data on which the report is based are the latest available as of 03/04/2023.

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[1] To access them, see [codes] mentioned under the charts, to be used with the Eurostat data search engine: https://ec.europa.eu/eurostat/web/main/home

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Introduction

In the fourth quarter of 2023, the EU economy slightly expanded compared to the previous quarter but with subdued economic activity in a context of elevated, albeit decelerating, inflation. The Commission's Winter forecast revised the growth expectations for both 2023 and 2024 downwards relative to the Autumn forecast, due to the erosion of household purchasing power, significant monetary tightening, partial withdrawal of fiscal support, and declining external demand. A modest improvement in GDP growth is anticipated from 0.4% in 2023 to 0.9% for 2024, driven by the recovery of consumption, against a background of a robust labour market and moderating inflation, which is expected to further decline to 3.0% in 2024 after having reached 6.43% in 2023.

The labour market continued to demonstrate its resilience, with employment reaching record levels in the fourth quarter of 2023 for the eleventh consecutive quarter. Employment rates were overall steady, but rising for older workers and low-skilled workers, while they were stable for women. In February 2024, the unemployment rate remained at historical lows of 6%. The overall labour market remains tight with still high but decreasing levels of the job vacancy rate and the labour shortage indicator.

In terms of social outcomes, real gross disposable income (GDHI) increased in the first three quarters of 2023. However, despite a slow decline, the share of households reporting financial distress persisted at a high level, especially among the lowest income quartile.

The thematic part provides novel evidence on sustainable consumer choices and attitudes towards reduced carbon footprints. It shows that EU citizens are concerned about the environment and appreciative of the need of individual action and foster sustainable behaviour to a certain degree. At the same time, there remains considerable scope to move towards greener behaviour, in terms of mobility, product choices, including food and energy use.

Main economic and social developments

1. Macroeconomic outlook

Real GDP remained stable in both the EU and the euro area[2] in the fourth quarter of 2023 compared to the previous one. At the same time, the US GDP expanded more strongly by 0.8% (compared with the previous quarter) and 3.1% (year-on-year change) (Chart 1).

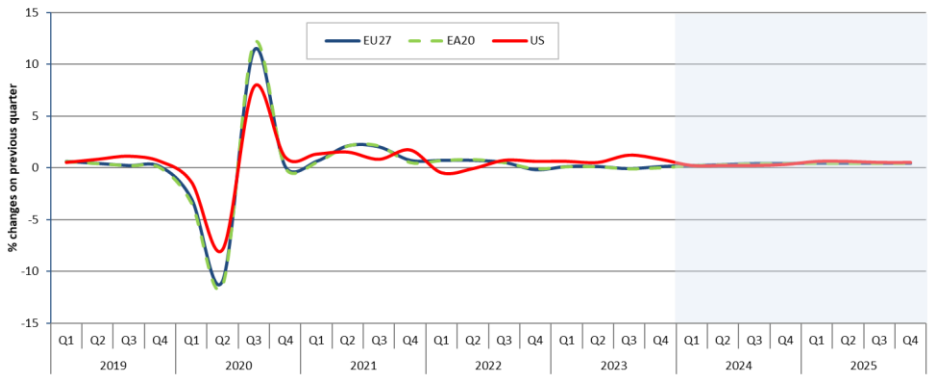
Real GDP modestly expanded by 0.4% in 2023 in the EU and the euro area and according to the European Commission's Winter economic forecast[3], it is expected to expand by 0.9% in the EU in 2024 (0.8% in the Euro area). Projected growth rates for 2024 were revised downwards compared to the Autumn forecast (-0.4 pp for both the EU and Euro area). This is mainly due to the erosion of household purchasing power, significant monetary tightening, partial withdrawal of fiscal support, and declining external demand. Economic activity is expected to remain subdued in early 2024. However, some acceleration is expected throughout the year, particularly as real wage growth and a robust labour market foster a recovery in consumption.

In 2023, inflation in both the EU and the euro area slowed down. In February 2024, inflation in the EU reached 2.8% (2.6% in the euro area), a reduction of 7.1 pp (5.9 pp in the euro area) compared to the level in February 2023 (9.9% in the EU and 8.5% in the euro area), with its decrease being a continuation of the decrease seen in January 2024 (3.1% in the EU and 2.8% in the euro area). due to a decline in energy prices and the moderation of inflationary pressures from food, non-energy industrial goods, and services. In recent months, inflation has increased again for certain products due to the expiry of energy support measures across Member States. Annual inflation to reached 6.4% in the EU and 5.4% in Euro area in 2023. Projections of the

[2] Euro area EA20 aggregate is used throughout the report, unless specified differently. From 1 January 2023, the euro area includes Croatia.
[3] https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts/winter-2024-economic-forecast-delayed-rebound-growth-amid-faster-easing-inflation_en

European Commission's Winter economic forecast indicate a continuing deceleration in 2024, with levels forecasted at 3.0% for the EU and 2.7% in the Euro area.

Chart 1: Real GDP growth – EU, euro area and US

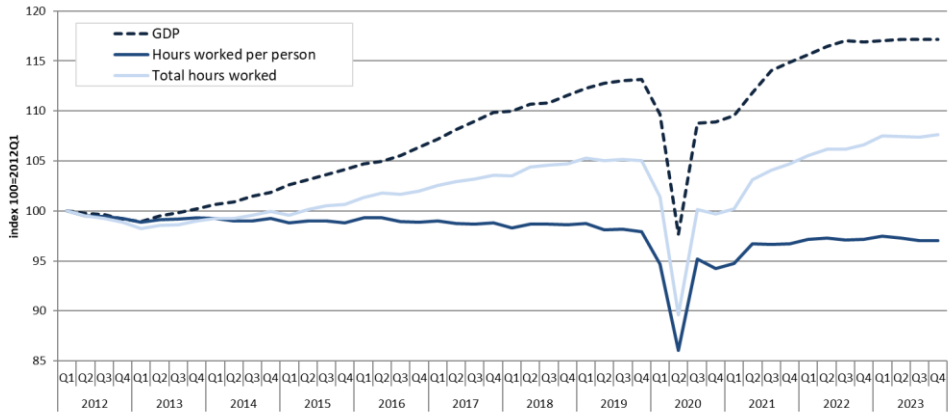


Source: Eurostat, National Accounts, seasonally and calendar adjusted data [namq_10_gdp, naidq_10_gdp].
Notes: Forecast in the shaded area. European Commission Winter forecast for 2024Q1 onwards (Autumn forecast for United States).
Click here to download chart.

2. Employment

In the fourth quarter of 2023, total employment (national accounts) increased, while hours worked per person decreased in the third quarter. Employment grew by 0.2% compared with the previous quarter in the EU and 0.3% in the euro area, and by 1.1% compared with the same quarter of the previous year (+1.2% in the euro area). Employment levels reached new records, with 217.1 million people in employment in the EU and 169.3 in the euro area, respectively 2.3 and 2.0 million people more than in the same quarter of 2022. In parallel, the total number of hours worked remained stable in the second and third quarters of 2023 and saw an increase of 0.2% in the fourth quarter of 2023. The number of hours worked per person remained stable compared to the previous quarter (Chart 2).

Chart 2: GDP, total employment and hours worked (total and per employed person) – EU



Source: Eurostat, National Accounts [namq_10_gdp, namq_10_a10_e, namq_10_pe]. Seasonally and calendar adjusted data.
Click here to download chart.

The employment rate of people aged 20 to 64 years was overall stable in the fourth quarter of 2023, showing a slight increase. It stood at 75.5% in the EU and at 75.0% in the euro area. This represents an increase by 0.1 pp compared to the previous quarter for the EU and a 0.2 pp increase for the euro area, and a 0.7 pp increase compared to the same quarter of 2022 in both the EU and the euro area. The employment rate is at records high and evidences a consistently robust and resilient labour market. The rate is close to the

EU headline target of at least 78% of people aged 20 to 64 in employment by 2030, while five Member States already reached their national target[4].

The employment rates increased for older workers, was stable for women and decreased for low-skilled workers. Relative to the previous quarter, the employment rate for women aged 20-64 was stable at 70.4% (+0.8 pp on an annual basis), and the gender employment gap remained broadly stable at 10.2 pp. For low-educated workers aged 25-54, the employment rate increased by 0.6 pp to 64.6% in the fourth quarter of 2023 compared to the third (+1.2 pp on an annual basis), and to 64.5% for older workers[5] in the fourth quarter of 2023 (+0.3 pp quarter to quarter and +1.6 pp yearly). The overall picture points towards a robust and resilient labour market, expected to withstand the current weakness in economic activity.

The relatively low share of people in temporary employment slightly declined further, and part-time employment was overall stable. In the EU, 11.4% of employed people aged 15 to 64 were in temporary employment[6] in the fourth quarter of 2023. This is 0.3 pp lower than in the same quarter of the previous year and stable compared with the third quarter of 2023. The share of part-time[7] employees stood at 17.9% of total employment, 0.2 pp higher than during the third quarter of 2023. Both the relatively low levels of the shares of people in temporary employment and in part-time employment could indicate a tight labour market and an increase in the quality of jobs due to labour shortages and increased competition among employers.

From March 2023 onward, there was a persistent decrease in employment expectations, with slight improvements in 2024. In March 2024, the Employment Expectations Indicator (EEI)[8] reached a three-month average of 102.2, showing signs of overall stabilisation and still being above its long-term average. While employment plans remained broadly stable in industry, lower employment plans in services were counterbalanced by improvements in retail trade and construction in a context of modest GDP growth and still high labour shortages.[9]

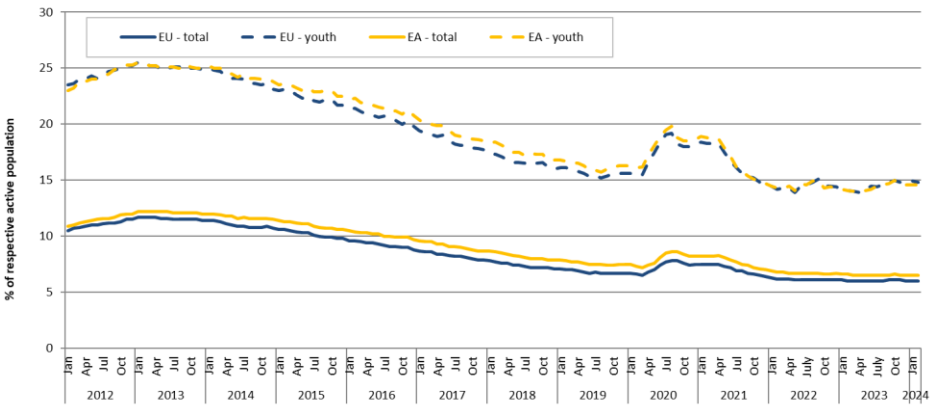
3. Unemployment

The monthly unemployment rates in the EU and the euro area remained at record low levels and youth unemployment slightly increased in the EU.[10] In February 2024, the unemployment rate stood at 6% in the EU and 6.5% in the euro area, stable compared with the previous month. On a yearly basis, it remained stable in the EU and declined by 0.1 pp in the euro area. It stood at 6.4% for women and at 5.7% for men in the EU, a difference of 0.7 pp. The youth unemployment rate decreased by 0.1pp to 14.8% in the EU and remained stable at 14.6% in the Euro area compared to January 2024. On a yearly basis, it increased by 0.7 pp and 0.5 pp respectively. (Chart 3).

Long-term unemployment[11] remained low and stable in the fourth quarter of 2023 in the EU and euro area. The long-term unemployment rate stood at 2.1% (2.3% for the euro area), 0.1 pp less (0.2 pp for the euro area) compared with the same quarter in 2022. The very long-term unemployment rate stood at 1.2% in the EU and 1.4% in the euro area in the fourth quarter of 2023, 0.1 pp less on a yearly basis for both.

[4] Based on 2023 annual figures. Estonia, Ireland, the Netherlands, Slovakia and Sweden.
[5] 55 to 64 years old
[6] It relates to work under a fixed-term contract, as against permanent work where there is no end-date.
[7] A person in a part-time job is assumed to work less than a comparable full-time worker having a job in the same occupation and in the same organisation.
[8] The indicator is constructed as a weighted average of the employment expectations of managers in the four surveyed business sectors (industry, services, retail trade and construction). The resulting time-series is scaled to have a long-term mean of 100 and a standard deviation of 10. Values greater than 100 indicate that managers' employment expectations are high by historical standards, while the opposite holds true for values below 100.
[9] Latest business and consumer surveys (europa.eu)
[10] Since the beginning of the series (January 2000).
[11] The long-term unemployment rate captures people in unemployment for a period spanning over a year or more, while the very long-term unemployment rate captures people in unemployment for at least two years.

Chart 3: Unemployment rate and youth unemployment rate – EU and euro area



Source : Eurostat, series on unemployment [une_rt_m]. Seasonally-adjusted data.
Click here to download chart.

4. Additional potential labour force and labour demand

The activity rate for people aged 15 to 64 experienced a slight increase in the fourth quarter of 2023 compared to the same quarter of 2022, reaching 75.2% in the EU and in the euro area. Compared with the previous quarter, it increased by 0.1 pp in both. On a yearly basis, the activity rate increased by 0.6 pp in the EU and 0.5 pp in the euro area. The difference between the activity rates of men and women decreased slightly to 9.3 pp (79.8% versus 70.5%, stable for men and +0.2 pp for women compared to the third quarter).

The total unmet demand for work in the EU, measured by labour market slack indicators[12], decreased slightly in the fourth quarter of 2023. The relatively low levels of labour market slack indicators, along low unemployment rates, reflect the narrowing gap between labour demand and supply, and the continuing tightness of the labour market. The labour market slack represented 11.9% of the extended labour force[13], 0.1 pp down from the previous quarter and 0.3 less than in the fourth quarter of 2022. On an annual basis, the decline was driven by a drop in the rate of people available to work but not seeking a job (-0.1 pp to 2.8%), the proportion of part-time workers who would like to work more (also called "underemployed"; -0.1 pp to 2.4%), and the unemployment rate (-0.1 pp to 5.8% of the extended labour force). Finally, the rate of people "seeking but not available for work" stabilised to 0.9%.

The share of people aged 15 to 29 who are neither in employment nor in education or training (NEET) slightly decreased in the fourth quarter of 2023 to 11.1%. The NEET rate was 0.1 pp lower than in the previous quarter in the EU and remained stable in the euro area (to 11.2%). Compared with the same quarter of 2022, it was 0.5 pp less in the EU (0.3 pp in the euro area).

In the fourth quarter of 2023, the level of unmet labour demand, as expressed by the job vacancy rate[14], slightly decreased in the EU but remains high. The job vacancy rate reached 2.5% (2.8% in the euro area), a 0.1 pp decrease from the previous quarter and a decrease of 0.4 pp compared with the same quarter in 2022 (-0.3 in the euro area) (Chart 4). In comparison with the fourth quarter of 2022, the job vacancy

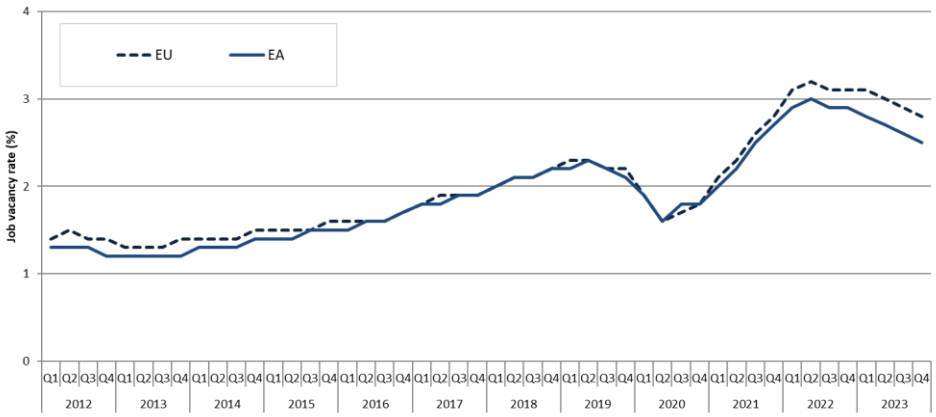
[12] These indicators measure the whole potential demand for employment. As it includes components outside the labour force, it is computed as share of the extended labour force, which incorporates them. More methodological details can be found at: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Labour_market_slack_-_unmet_need_for_employment_-_quarterly_statistics

[13] The extended labour force consists of the labour force (unemployed and employed) and of the potential additional labour force (the two categories outside the labour force, i.e. those available but not seeking, and those seeking but not available).

[14] The Job Vacancy rate is the number of job vacancies divided by the sum of occupied posts and job vacancies. Data for NACE Rev. 2 Sections B to S (Industry, construction and services (except activities of households as employers and extra-territorial organisations and bodies)), unadjusted data.

rate decreased in all sectors of the business economy[15]. It declined particularly in 'information and communication' (-0.8 pp to 3.0%) and in 'professional, scientific and technical activities' (-0.8 pp to 3.1%). These trends are also reflected in the labour shortage indicator in industry[16], which decreased by 1.9 pp to 22.7% in the fourth quarter compared to the previous quarter, but rose by 0.1 pp again in the first quarter of 2024. Compared to the first quarter of 2023, it has decreased by 5.5 points. In the services sector, it decreased from 31.1% in the fourth quarter of 2023 to 26.8% in the first quarter of 2024. In a context of low unemployment rates and labour market slack, the still high levels continue to point to the labour market tightness.

Chart 4: Job vacancy rate – EU and euro area



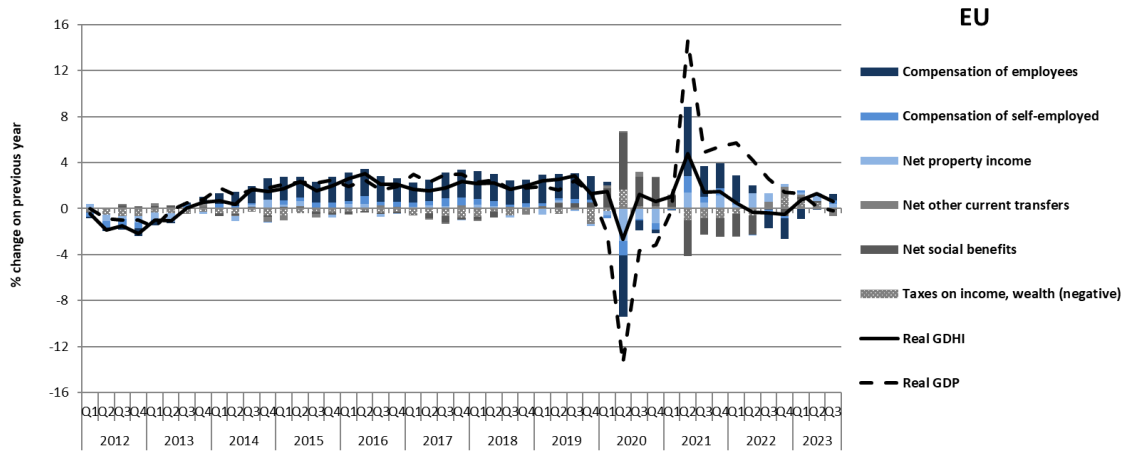
Source: Eurostat, Job Vacancy Statistics [jvs_q_nace2]. Seasonally adjusted data
Notes: Job vacancy rate = vacancies / (vacancies + occupied posts); NACE rev2 B-S Industry, construction and services (except activities of households as employers and extra-territorial organisations and bodies)
Click here to download chart.

5. Income and financial situation of households

Despite improvements in the Gross Disposable Household Income growth, the proportion of people reporting financial distress remained at very high levels in the EU. In the third quarter of 2023, the real Gross Disposable Household Income (GDHI) was 0.6% higher than its level in the same quarter of 2022. This growth was primarily due to the positive contribution of compensation of both employees (+0.5 pp) and self-employed (+0.3 pp), as well as net property income (+0.4 pp) (Chart 5). Growth of nominal compensation per employee continued to be strong, notably due to workers' demand to recoup past losses in purchasing power. Despite these improvements in real GDHI since beginning of 2023, the proportion of people reporting financial distress[17] continued to increase in the first months of 2023, albeit at a slower pace. Between May 2023 and December 2023, it stabilised at high levels to 17% or slightly above (maximum 17.2%), before starting a slow decrease in the first months of 2024. In March 2024, it stands at 16.7%, 0.1 pp lower than a year before and 0.4 pp lower than in May 2024. The share of the population who declared the need to draw on savings reached 12.4% in March 2024 (0.1 pp lower on a yearly basis and 0.4 pp lower compared with May 2023), while 4.3% of the population stated they are running into debt (stable on a yearly basis and in comparison with May 2023) (Chart 6).

[15] Business economy = B to N sectors, excluding sector A (agriculture) and sectors O to S (Public administration and defence; compulsory social security; education; human health and social work activities; arts, entertainment, and recreation; other service activities).
[16] The indicator presented here is published as part of the EU Business and Consumer Surveys. It reflects to what extent businesses see the availability of labour as a factor that limits production. Data seasonally adjusted.
[17] Defined as the perceived need to draw on savings or to run into debt to cover current expenditures, moving average over 12 months. For details on Business and Consumer Surveys, including consumer survey's question on the current financial situation of households, see http://ec.europa.eu/economy_finance/db_indicators/surveys/index_en.htm

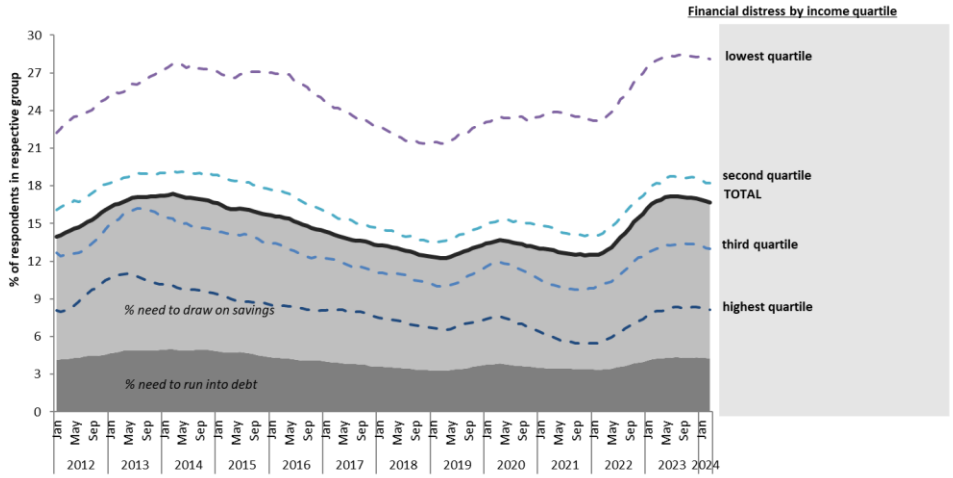
Chart 5: Real GDP growth, real GDHI growth and its main components



Source: Eurostat, National Accounts, unadjusted data [namq_10_gdp, nasq_10_nf_tr] (DG EMPL F.4 calculations)
Note: The nominal GDHI is converted into real GDHI by deflating with the deflator (price index) of household final consumption expenditure.
Click here to download chart.

Albeit financial distress started to show some preliminary signs of decline in the first quarter of 2024, it still remained at very high levels, in particular for households with lower incomes. In March 2024, this indicator reached 16.7% (-0.1 pp on a yearly basis and -0.4 pp compared to May 2023). The same month, it was at 28.1% for the lowest income quartile (+0.1 pp on a yearly basis and -0.2 pp compared to May 2023), remaining at approximately 10 or more pp above the shares shown for other income quartiles. The share of these households reporting financial distress reached 18.2% for the second quartile (+0.0 pp and -0.4 pp, respectively), 13.0% for the third quartile (+0.0 pp and -0.3 pp, respectively), and 8.1% for the wealthiest quartile (+0.1 pp and +0.0, respectively) (Chart 6).

Chart 6: Reported financial distress by income quartile – EU, 2012-2024



Source: European Commission, Business and Consumer Surveys, unadjusted data, 12-month moving average (DG EMPL F.4 calculations).
Note: Lines show the long-term averages for financial distress for the population as a whole and for households in the four income quartiles. The overall share of adults reporting having to draw on savings and having to run into debt are shown respectively by the light grey and dark grey areas, which together represent total financial distress.
Click here to download chart.

Thematic Focus: Towards Environmental Protection and Sustainable Wellbeing – Concerns, Willingness to Act

1. Introduction

Climate change is one of the major global challenges. Its negative consequences not only in terms of environmental impacts, but also in terms of health, economic, employment, and social impacts are already widespread. The speed of this development is increasingly felt, particularly by households at the lower half of the income distribution and has an asymmetrical effect on European regions. According to a recent Eurobarometer survey, the increasing negative consequences of climate change also result in growing concerns and feelings of personal responsibility among citizens.[18]

Mitigating the impact of climate change is one of the key priorities of the EU that is well reflected in EU policy. The European Green Deal aims at transforming the EU into a modern, resource-efficient and competitive economy while tackling and adapting to the effects of the climate crisis. Building on the European Green Deal, the 8th Environmental Action Programme 2030 aims to speed up the transition to a climate-neutral, resource-efficient economy, recognising that human wellbeing depends on healthy ecosystems. Fairness and solidarity are defining principles of the European Green Deal, considering also that the green transition is expected to create opportunities and challenges that will differ across population groups and regions.

In this context, the EU has put in place ambitious legislative measures – the 'Fit for 55' package' - to ensure that our economies and societies can reduce emissions by at least 55% by 2030 (compared to 1990 levels) and becoming the first climate-neutral continent by 2050, while leaving no one behind. These targets are foreseen to be complemented by a 2040 target for emission reduction of 90%.

Public perception towards the green transition is shaped not only by the positioning towards existing policies, but also by underlying attitudes and values around protecting the environment. Individual behaviour is not only shaped by reactions to policies and their content, but also by underlying factors, which this second section will explore. Such latent values and attitudes can mediate the impact of policies and their perception.

This thematic focus first examines evidence from the '2020 wave of the International Survey Programme (ISSP) on people's environmental concerns and willingness to act to protect the environment, which covers 12 Member States. It then uses latent class analysis to construct several groups of population for which significantly different patterns of concerns and willingness to act can be observed (see Annex B for technical details). Finally, it briefly reviews selected concrete behaviours that affect the environment and greenhouse gas emissions; i.e., car use, recycling, sustainable product choice, food consumption and energy use.[19]

2. Awareness of environmental issues and willingness to act to protect the environment

There is a high degree of concern about environmental issues in the 12 Member States covered in the analysis. According to the ISSP, Spanish (82.4%) and French (75.6%) citizens tend to be most concerned about environmental issues while this is the case for only 40.5% of respondents from Slovakia (Chart 7). The relatively high degree of concern is confirmed by a recent Eurobarometer survey on the Fairness Perceptions of the Green Transition,[20] which focuses more specifically on climate change and shows that almost three quarter of Europeans (70%) are frightened by climate change.

According to the ISSP, women tend to be more concerned about the environment (Chart A1 in Annex). This reflects previous findings on gender differences in attitudes towards the environment, which showed higher prevalence of sustainable attitudes and behaviours (reduction of consumption of disposable items,

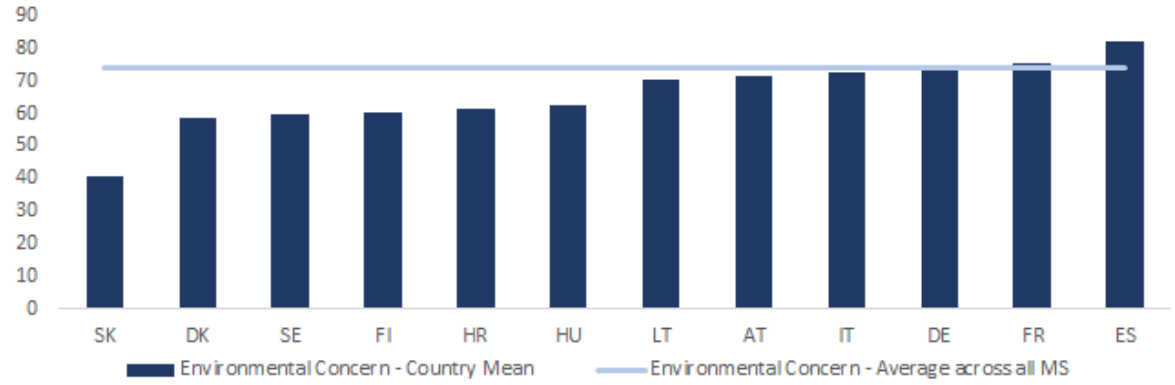
[18] Special Eurobarometer Survey 527 on "Fairness perceptions of the green transition". October 2022 (Field work May-June 2022). Fulvimari et al. (2024) assesses drivers and socio-economic characteristics of fairness perceptions based on this Eurobarometer.

[19] The 2020 wave of the International Social Survey Programme (ISSP), which is the most recent edition on the environment, offers novel information on attitudes and behaviours, the latter of which in particular provides new dynamic opportunities for analysis. While this survey provides important and widespread data, its scope is far from comprehensive. The ISSP primarily focuses on attitudes and preferences on environment. For example, it does not provide adequate information on some key aspects of mobility (e.g. travel by plane, use of public transport), sustainable food consumption or efficient energy use. It does not to provide adequate data on certain important demographic characteristics that have been shown to be important predictors of environmental impact, such as income. For further information on methodology, see annex.

[20] Special Eurobarometer Survey 527. Field work May-June 2022.

reduction of waste and regular recycling, buying locally produces and seasonal food) among women.[21] Differences by age and educational attainment are not statistically significant, at least not in terms of general concern about the environment. As will be shown below, this changes when asking more granular-level questions of how this concern expresses itself in day-to-day considerations.

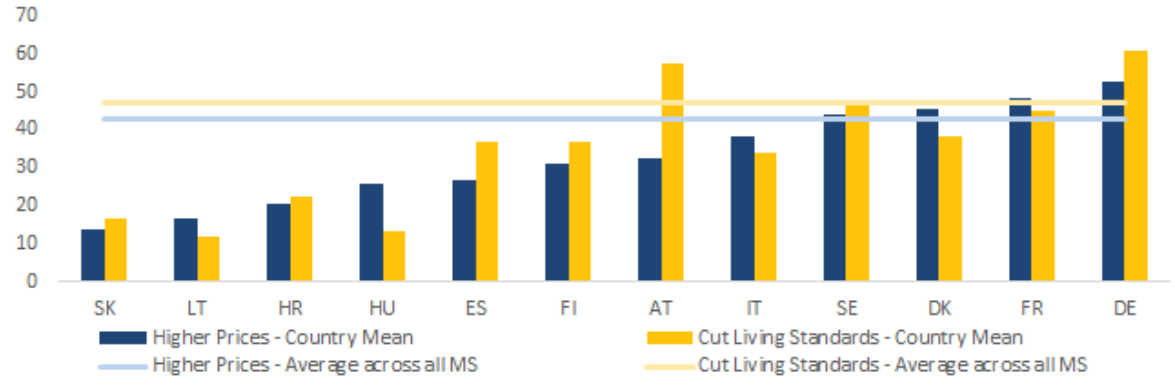
Chart 7: Percentage of population that is concerned about environmental issues



Source: DG EMPL analysis based on the ISSP 2020 data.

Almost half of people living in the 12 Member States covered by the analysis would be willing to pay higher prices or accept to lower their living standards to protect the environment (Chart 8).[22] From the list of countries included in the data (see methodology note in the annex), there is a clear divide between western Member States and those that were part of the 2004 enlargement round or later rounds. For example, average willingness to pay higher prices is greatest in Germany (52.5%), France (48.4%) and Denmark (45.7%), and lowest in Croatia (20.3%), Lithuania (16.5%), and Slovakia (13.7%). More people would be willing to accept lower living standards in Germany (60.9%) and Austria (57.6%) than in Hungary (13.2%) and Lithuania (11.6%).

Chart 8: Percentage of population willing to pay much higher prices or willing to cut living standards to protect the environment, by Member State



Source: DG EMPL analysis based on the ISSP 2020 data.

[21] EIGE (2020) Beijing +25: the fifth review of the implementation of the Beijing Platform for Action in the EU Member States
[22] The willingness to act can be further illustrated by EU-wide data focusing more specifically on climate change, collected in a recent Eurobarometer survey. This survey found that more than three quarters (77%) of Europeans feel a strong personal responsibility to act to limit climate change and 72% think they should personally do more than they currently do to contribute to the green transition and tackle climate change.

People with a tertiary education degree are, on average, more willing to pay higher prices or to accept lower living standards to protect the environment. They are, respectively, 17.3pp and 11.3pp more likely to be willing to pay much higher prices and accept lowering of their living standards to protect the environment than those with primary education (Chart A1 in the annex). This may reflect to some extent the fact that people with tertiary education tend to have a higher average income than people with lower educational attainment. For these questions, no statistically significant differences by age or gender are found.

Using latent class modelling techniques(see Annex B), the population can be broadly divided into three groups based on their degree of environmental concern and their willingness to protect the environment:

1. **environmentally active, where high levels of concern about environmental issues is coupled with willingness to act to protect the environment**. Almost 90% of people in this group express concern about environmental issues. More than two thirds are willing to pay higher prices and more than four in five are willing to cut their living standards in order to protect the environment.
2. **environmentally concerned, where people tend to have relatively high levels of environmental concern, but show lower willingness to act.** Almost every two out of three people in this group express concern about environmental issues. Yet, most group members (55 to 65%) have ambiguous feelings about accepting higher prices or lower living standards to protect the environment.
3. **environmentally cautious, where low to moderate levels of concern about the environment tend to be accompanied by very low willingness to act**. On average, only every 4 out of 10 members of this group are likely to express environmental concerns. They are unlikely to be willing to pay higher prices (less than 10% probability) or to accept lower living standards (around 15% probability) to protect the environment.

Table 1: Sociodemographic characteristics of groups:

	Environmentally Active	**Environmentally Concerned**	**Environmentally Cautious**
Age (mean)	53.4	55.1	53.8
Sex (m/w)	47.9% / 52.1%	49.5% / 50.5%	53.8% / 46.2%
Education (primary/secondary/ tertiary)	9.7% / 36.4% / 53.9%	15.2% / 44.8% / 39.9%	19.9% / 46% / 34.1%
Work Status (in paid work/ not in paid work)	63.4% / 36.6%	57.9% / 42.1%	57.9% / 42.1 %
Living situation (big city/ small city/rural	39.1% / 31.3% / 29.6%	36.4% / 32% / 31.6%	32.5% / 32% / 35.6%

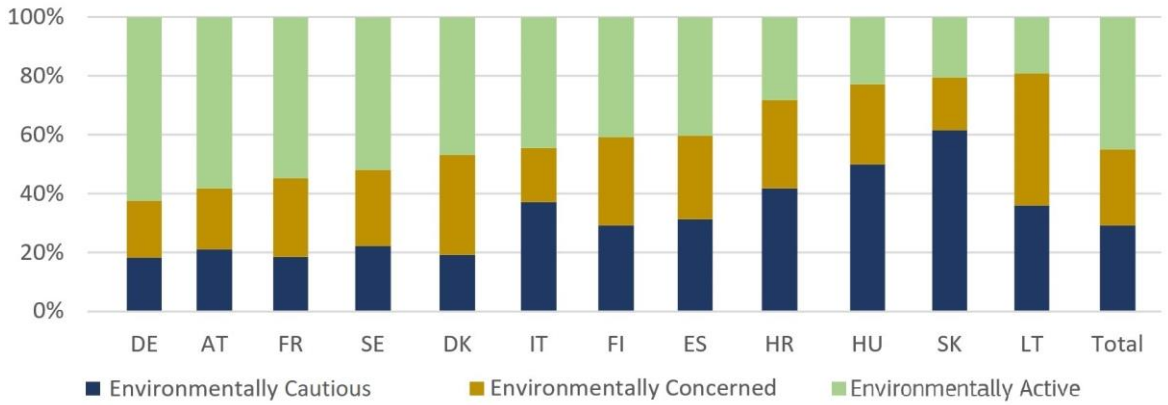
Source: DG EMPL analysis based on the ISSP 2020 data.

There are considerable differences between groups in terms of education attainment. More than half of environmentally active respondents have tertiary education, while this is the case for only one third of environmentally cautious respondents (Table 1).

Differences in living conditions, work status and gender are less pronounced. Around 40% of environmentally active respondents live in big cities compared to less than a third of those in the environmentally cautious group. In terms of gender, women tend to be slightly more often environmentally active than men. Finally, almost two thirds of environmentally active respondents are in paid work, while this is the case for 57.9% of those in the environmentally cautious group.

Across all Member States covered in analysis, **29% of the population are estimated to be environmentally cautious, 26% environmentally concerned, and 45% environmentally active**. These figures vary widely across different countries. Croatia, Hungary, and Slovakia for instance have the biggest share of the environmentally cautious group, whereas Austria, Germany and France are amongst those with the highest share of environmentally active group members (Chart 9).

Chart 9: Relative share of each group, by country, and total distribution of groups across all 12 Member States



Source: DG EMPL analysis based on the ISSP 2020 data.

3. *Selected aspects of sustainable behaviour in everyday life: car use, product choices and recycling*

Higher environmental consciousness does not always translate into environmentally sustainable behaviour. This is illustrated by a brief analysis of the prevalence of relevant aspects of behaviours covered in the ISSP survey (car use, sustainable product choice and recycling) as well as information from other sources from the European Commission's Joint Research Centre and the European Environmental Agency covering food consumption and energy use. The capacity of citizens to switch to behaviours with lower CO2 emissions differs among population groups and is limited for persons in the lower half of the income distribution.

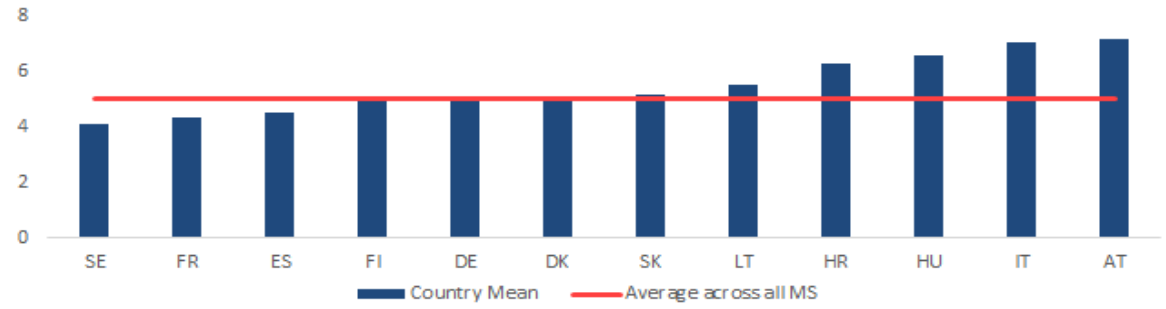
Car Use

Compared to public transport, private car travel is generalised, contributing around 12% of the total EU CO2 emissions.[23] Across the Member States covered in the ISSP, 89.6% of respondents use a car or motor vehicle weekly (Chart 10).[24] Roughly two-thirds of respondents (68.2%) spend between 1 and 7 hours in a car or motor vehicle every week. Austria has the highest average weekly hours in cars per respondent, averaging 7.2 hours. France and Sweden have the lowest average amount of weekly hours in cars per respondent, each at 4.4 and 4.1 hours respectively.

There is a significant divide in private car usage by gender, and to a lesser extent also by educational attainment and degree of urbanisation. Women drive on average 2.4 hours less in a week compared to men, which may be linked to their higher levels of environmental concerns but also to broader, well-established differences in male and female transportation patterns (for example, women tend to travel more locally, engage in shorter trips with multiple stops, and use public transport more often).[25] Tertiary education is associated with lower weekly driving time (by roughly one hour) compared to only having completed primary education. Finally, location also matters, as both living in a small city and living rurally is associated with an increase in driving.

[23] Please see statistcs here: https://climate.ec.europa.eu/eu-action/transport/road-transport-reducing-co2-emissions-vehicles/co2-emission-performance-standards-cars-and-vans_en
[24] For own, private transportation purposes rather than for transportation of others via e.g. public transport.
[25] EIGE (2020) Beijing +25: the fifth review of the implementation of the Beijing Platform for Action in the EU Member States

Chart 10: Hours spent travelling in car or motor vehicle in the last week, on average, by Member State



Source: DG EMPL analysis based on the ISSP 2020 data.

Product choice

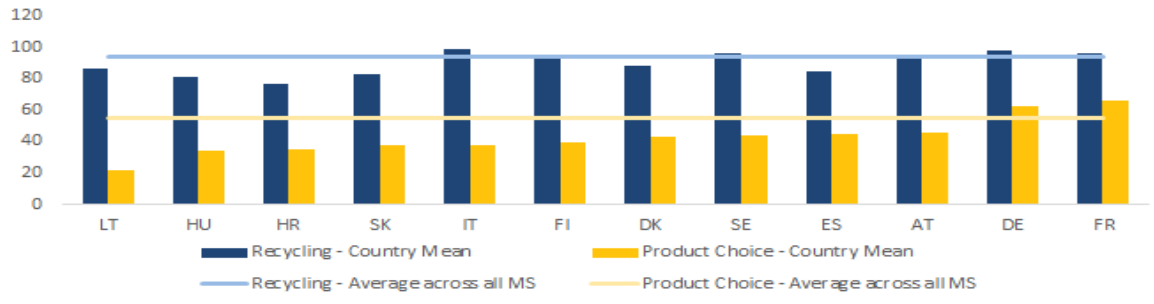
On average across Member States covered in the analysis, nearly half of the population avoids buying certain products for perceived environmental reasons (Chart 11)**.**[26] On average, respondents from Lithuania (21.7%) and Hungary (33.7%) are least likely to make product choices on grounds of perceived environmental reasons, whereas respondents from Germany (62.8%) and France (66.4%) are the most likely to do so.

Women, people with tertiary education, and people aged above 65 are more likely to avoid buying certain products for environmental reasons. This may reflect higher levels of environmental concern among women and tertiary educated population. For the latter and for people aged above 65, higher average income, either via educational attainment or being at the end of a career, may also play a role in enabling more sustainable product choice.

Recycling

There is strong evidence that recycling in the Union is widespread, which is in line with the new Circular Economy Action Plan.[27] Croatia (76.8%) and Hungary (81%) have the lowest average figures in terms of recycling habits. The figure for all the other countries lies between 90 and 100%. While recycling itself is a desirable behaviour, changing waste generating behaviours is even more crucial.

Chart 11: Percentage of population that recycles often and that avoids buying certain products to protect the environment, by Member State



Source: DG EMPL analysis based on the ISSP 2020 data.

[26] Unfortunately, the ISSP 2020 does not go in-depth into what specific reasons are at play here. The rationale remains broad on the level of being linked to environmental concern as an overarching motivating factor.
[27] The Circular Economy Action Plan presents three main options to deal with waste in the following order: Reduce, re-use, recycle. https://environment.ec.europa.eu/strategy/circular-economy-action-plan_en

Food consumption

For the average EU-27 citizen, food consumption has the largest impact on their consumption footprint (48%)[28], followed by environmental impacts due to housing (19%) and mobility (15%). Animal-based products, i.e. meat, dairy and eggs, contribute for more than 50% of the environmental impacts, however they represent a low share of food consumed (22%). Shifting towards more plant-based diets can have a significant effect to reduce the climate and environmental impacts, but is sometimes perceived in stark contrast to well-established cultural traditions. For instance, reducing meat and dairy consumption by 50% could reduce environmental pressures of diets by over 20%[29]. Food waste is another important area to avoid emissions and environmental impacts, which accounts for 15% of the greenhouse gas (GHG) emissions associated with all food consumed.[30] EU households generated 54% of food waste on average in 2021.[31]

Energy use

Energy consumption reduction and increase in energy efficiency are key levers to reach carbon neutrality and move away from fossil fuels. According to European Environment Agency (EEA) early estimates, in 2022, the EU's final energy consumption by end users fell by 1.5% compared to 2021 levels, due to high energy prices and measures taken. However, to reach the 2030 targets, these efforts would need to triple. In addition, energy efficiency will need to be further increased. For instance, for the building sector, on average in 2031-2050, investment needs for renovation in the residential sector amount to around EUR 50 billion per year. For the same period, the necessary annual investment in heat pumps by households is projected at around EUR 60 billion. This represents a significant increase compared to historical investment levels in renovation. In this context, vulnerable households are at risk of not meeting their basic energy needs. In the EU-27, 9.3% of households are affected by energy poverty and unable to keep their home adequately warm. Those at risk of poverty and exclusion are most affected (20.1%).

4. EU incentives in the areas of transport, sustainable consumption and energy use

The EU has put in place a framework that promotes a more sustainable behaviour of consumers and businesses. This is achieved[32] by setting price signals, rules and standards as well as more ambitious targets through the Fit for 55 package from 2021, which is the comprehensive set of legislative changes underlying the European Green Deal.

Sustainable mobility is a key field to promote behavioural changes. For instance, new EU standards regarding car emissions will require to increasingly replace existing fleets with zero emission vehicles by 2050. Policies will be needed to support EU citizens shifts to more sustainable mode of transport, this includes sustainable urban mobility policy such as the promotion of green public transport and active mobility solutions(e.g. cycling). Overall, the European Commission is taking a multi-faceted approach to promote behavioural changes among EU citizens towards sustainable mobility, combining legislative measures, financial support, awareness campaigns, and investment in research and innovation.

Numerous policy initiatives have been put into place to promote sustainable consumption. To foster sustainable product use, the Ecodesign for Sustainable Products Regulation sets new requirements to make products more durable, reliable, reusable, reparable and recyclable, as well as energy and resource efficient. In addition, EU legislation has recently been adopted on the "Right to Repair", which will oblige traders to provide consumers with information on products' durability and reparability and extend the liability period (12 months) of the seller after the repair of a product. The Green Claim Directive will protect consumers against green washing and false environmental claims.

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[28] JRC, 2023, Consumption Footprint and Domestic Footprint: Assessing the environmental impacts of EU consumption and production JRC128571_S4P_ConsumptionFootprint.pdf (europa.eu) The consumption footprint quantifies the environmental and climate impact of consumption at EU and Member State level. It encompasses the five areas of consumption, i.e. Food, Housing, Mobility, Household Goods, and Appliances and its impact on 16 environmental categories such as GHG emissions, land use, air pollution, resource and water use.
[29] Ibid.
[30] EEA, 2023, Transforming Europe's food system — Assessing the EU policy mix — European Environment Agency (europa.eu)
[31] Eurostat, 2022, 'Food waste and food waste prevention — estimates', Eurostat Statistics Explained Food waste and food waste prevention - estimates - Statistics Explained (europa.eu)
[32] See the initiatives in the 'Fit for 55' package.

Regarding the energy transition, initiatives improving energy efficiency and enabling a faster, broad-based rollout of wind and solar energy production have been adopted. The proposal for revised Energy Performance of Buildings Directive[33] will increase the rate of renovation, especially of less efficient buildings and enhance the standards for new buildings. It will also support a gradual phase out of boilers powered by fossil fuels, by ending subsidies and favouring solar panel installations. Other relevant support measures include setting one-stop shops for energy renovations, improving the energy labels, enhancing the digitalisation of energy systems for buildings and the rollout of infrastructure for sustainable mobility. Furthermore, the new Energy Efficiency Directive anchors the principle of "energy efficiency first" into EU law, making it binding for EU countries to collectively ensure an additional 11.7% reduction in energy consumption by 2030. To reach these targets, households, in particular vulnerable ones, will need effective and lasting support, while empowering consumers through stronger requirements to raise awareness and provide information on energy efficiency and alleviate energy poverty.

5. Concluding remarks

Overall, there is an increased urgency for environmental protection and climate action. Without action, the EU is expected to experience 400,000 premature deaths per year due to air pollution as well as 90,000 annual deaths as a result of heatwaves. The projections based on global climate pledges point to a temperature increase of 2.8 degrees Celsius on average in this century instead of 1.5 degrees as pledged by 195 countries in the Paris Agreement. Considering that the International Panel on Climate Change (IPCC) report 2022 estimates a 40-70% reduction in greenhouse gas emissions by 2050 could be achieved through more sustainable behaviours, this potential should be understood better.

While sizeable shares of Member State populations are concerned about the environment this is not always accompanied by willingness to act at individual level. Notably, divides remain between Member States that were part of the 2004 and subsequent enlargements, and those that had previously been part of the Union. Other important divides in willingness to change relate to educational achievement, and to some extent also age and gender. The link between environmental concern and willingness to act does not always translate into everyday decisions and not all population groups have the same capacity to reduce carbon emissions. For example, there is still large potential to further develop public transport and promote its use. Some people remain hesitant to let environmental concerns inform their product choices, while recycling is commonplace in most countries. This could also point to persistent barriers for households to choose more sustainable alternatives, such as higher prices for sustainable products, including organic food, heating options, as well as lack of infrastructure, for example in the case of electric car use, the lack of affordable or available public transport and infrastructure for cycling and walking.

The transition towards a green economy and sustainable society needs to be fair. Policies need to be in place supporting that sustainable choices are easy, accessible and affordable, especially for vulnerable groups, who may not be able to face the related costs. In this line, the EU has brought forward several supporting measures such as the Council Recommendation on ensuring a fair transition towards climate neutrality, the Just Transition Mechanism and Just Transition Fund and the European Skills Agenda amongst others. Combined, these measures aim at putting social inclusion at the heart of the green transition, supporting the creation of quality jobs in the green economy, increasing the skilling and training opportunities, promoting job-to-job transition as well as improving access to essential services.

In addition, the EU has also made available funding to support the policy objectives of the Green Deal. This includes the Recovery and Resilience Facility and the European Social Fund + among others, which have a direct and tangible impact on ensuring the green transition is fair through key investments in social cohesion, health, green infrastructure and skills. Moreover**,** the new European Social Climate Fund, dedicated support at the EU level will be available as of 2026, to tackle energy and transport poverty. Such funding opportunities could for instance be allocated to relevant structural measures and investments focused on increasing energy efficiency and renovation of buildings, decarbonisation of heating and cooling, uptake of low and zero emission mobility, and temporary direct income support targeted to households most in need.

[33] On 7 December 2023, the co-legislators reached a provisional agreement on the revision, that will go through the formal adoption process in early 2024.

Legislative efforts and relevant financial support at the EU and national level should support individuals and households when making more sustainable choices. It is therefore essential that policy initiatives support more sustainable consumer choices for all EU citizens, including the most vulnerable groups of society. Such efforts strengthen our collective capacity to fight climate change and protect the environment in a fair manner.

Annex

A – Questions used from the ISSP 2020.

1) Generally speaking, how concerned are you about environmental issues? / 5 - Very concerned, 4, 3, 2, 1 – Not at all concerned
2) How willing would you be to pay much higher prices in order to protect the environment? / Very willing, Fairly willing, Neither willing nor unwilling, Fairly unwilling, Very unwilling, Can't choose
3) And how willing would you be to accept cuts in your standard of living in order to protect the environment? / Very willing, Fairly willing, Neither willing nor unwilling, Fairly unwilling, Very unwilling, Can't choose
4) How much do you agree or disagree with each of these statements? / Environmental problems have a direct effect on my everyday life / Agree strongly, Agree, Neither agree nor disagree, Disagree, Disagree strongly, Can't choose
5) In a typical week, about how many hours do you spend in a car or another motor vehicle, including motorcycles, trucks, and vans, but not counting public transport? Do not include shared rides in buses, minibuses, and collective taxis.
6) How often do you make a special effort to sort glass or tins or plastic or newspapers and so on for recycling? Always, Often, Sometimes, Never
7) And how often do you avoid buying certain products for environmental reasons? Always, Often, Sometimes, Never

B – Methodological note

The analysis contained in this thematic focus includes estimating probabilities of environmental concern willingness to act to protect the environment across people of different backgrounds through probit regressions. For this purpose, variables of environmental concern and willingness to act were converted into binary variables (yes/no) and the probit regressions were then used to estimate the probability that a respondent with particular characteristics will report concern or willingness to act. The following specification of the probit model was used,

$$P(Y = 1|X) = \Phi(X^T\beta) ,$$

where X^T stands for a vector of demographic characteristics of respondents which were used as regressors to see how these affect probabilities of reporting concern and willingness to act (denoted as Y, the dependent variable of interest).

The demographic variables used were gender, age cohort, educational attainment, marital status, work status, urban & rural living situation, and children status. The ISSP data provides individual response weights, which have been universally applied. In addition, cross-country comparison weights have been applied, which were calculated according to the relative population size of each country covered by the analysis. Four countries did not have individual response weights in the dataset: Croatia, Italy, Lithuania and Sweden.

Latent class analysis is a type of structural equation model, which allows to construct grouping variables (latent classes) based on certain response patterns observed in underlying data. In one form, the latent class model can be summed up by the following equation,

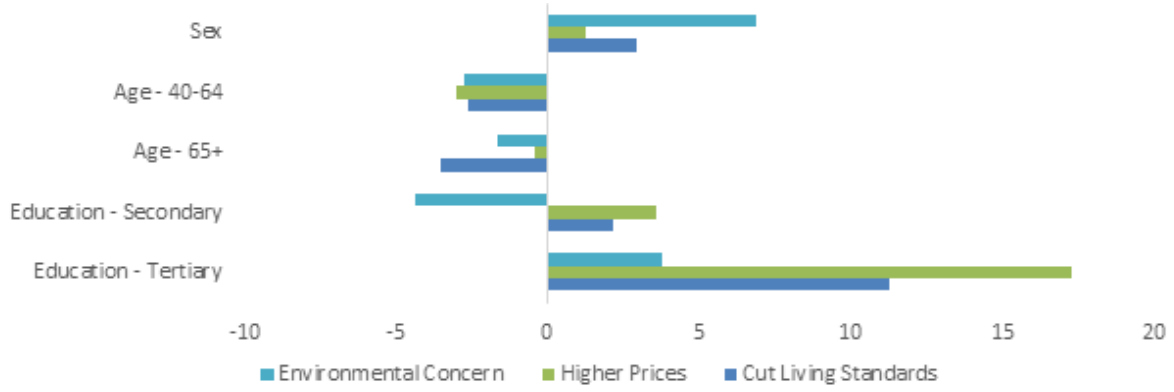
$$p_{i1,}p_{i2}, \dots, p_{iN} \approx \sum_t^T p_t \prod_n^N p_{in,t}^n ,$$

where T stands for the number of groups, p_t are the recruitment or unconditional probabilities and $p_{in,t}$ are the marginal or conditional probabilities.

In this thematic focus, survey respondents were grouped together on the basis of distinct response patterns to survey questions regarding their environmental concern and willingness to act to protect the environment (questions 1, 2 and 3 from the annex A - answers to these questions were recoded into a binary format for the purpose of this analysis (concerned/unconcerned; willing/unwilling)). Several latent class models were constructed and compared in terms of relevant goodness-of-fit statistics. The three-group model was chosen as the best fit based on comparisons of the values of the Bayesian Information Criterion. The latent class analysis was performed on unweighted data. The countries included in the analysis are: Austria, Germany, Denmark, Spain, Finland, France, Croatia, Hungary, Italy, Lithuania, Sweden and Slovakia.

C - Additional Charts

Chart A1: Effects of individual characteristics on probability (in percentage points, on the basis of probit analysis) on environmental awareness and behaviour, pooled across all Member States



Source: DG EMPL analysis based on the ISSP 2020 data.

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