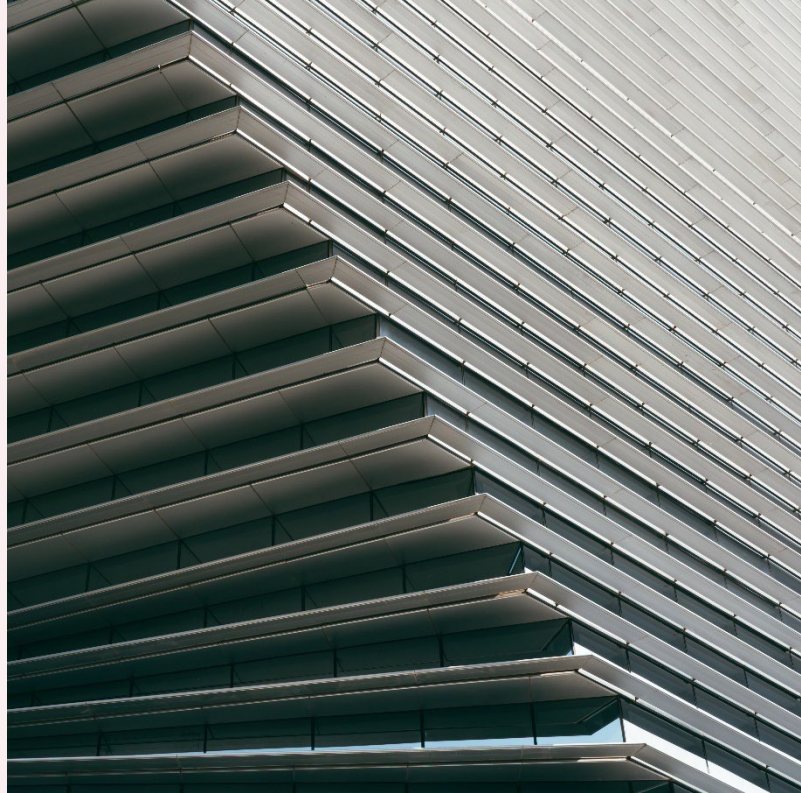


The new Spanish Royal Decree on Strategic Investment Projects

1 October 2026



Understanding the characteristics, advantages and procedures associated with this new framework will henceforth be essential for any major investment in Spain, particularly in the industrial and energy sectors

Although 'projects of strategic interest' (or those similarly named) were already recognised in Spanish regional legislation, Royal Decree-Law 7/2026 of 20 March, which approved the Comprehensive Plan for Responding to the Crisis in the Middle East (ratified by the Congress of Deputies on 26 March), introduced this category into national law in Article 29, under the name 'Strategic Investment Projects' (*Proyectos Estratégicos de Inversión* or 'PEI' in Spanish), the designation of which entails a significant set of advantages.

By means of Royal Decree 731/2026 of 16 September, which regulates the Strategic Investment Committee and sets out the criteria and procedure for designating Strategic Investment Projects, the Spanish Government has implemented the aforementioned provision through secondary legislation, and the institutional framework created for this purpose is due to come into force in the coming weeks.

It is therefore necessary to understand the main characteristics of this new law and its legal framework.

Key issues

- 1 Project eligibility criteria: which projects can be designated as PEIs?
- 2 Criteria for designation as a PEI: what factors are taken into account?
- 3 Effects of designation as a PEI: what are the benefits?
- 4 Designation procedure: a two-stage process
- 5 Competent authorities: who is responsible for the designation?
- 6 Supervision and monitoring
- 7 Modification and revocation

Project eligibility criteria: which projects can be designated as PEIs?

For a project to be designated as a Strategic Investment Project, it must meet all of the following conditions:

- It must be a business initiative or a public-private partnership (i.e. purely public initiatives are excluded).
- It must involve an investment (or reinvestment), that is, the launch of a new activity from scratch. This explicitly excludes the acquisition of shares or equity interests, capital increases and structural changes to existing commercial companies.
- This investment must take place in Spain and must be aimed at improving 'technological, scientific or productive' capabilities. In addition, there must be reasons of 'public, social, environmental or economic' interest for the country as a whole (which, in principle, excludes projects with a purely local or regional impact, however significant they may be at those levels).
- Furthermore, project promoters must demonstrate full financial standing by (i) being up to date with tax and social security payments and obligations, as well as those due to any other public authority, and (ii) not being in arrears or having been declared insolvent or in insolvency proceedings.

Criteria for designation as a PEI: what factors are taken into account?

For a project to be initially assessed as a PEI, a number of factors will be taken into account:

- As a priority: (a) a significant volume of investment and (b) the creation of a significant number of highly skilled jobs, both at the national or, at the very least, regional level (this includes, for employment purposes, not only the net creation of jobs, but also the preservation, transformation or reskilling of existing industrial jobs where this contributes to maintaining strategic production capacities).
- In addition:
 - The project must have been designated as a 'project of interest' or a 'strategic project' at the regional level or under EU law; this includes, in such cases, having received the seal of approval from the Strategic Technologies for Europe Platform (STEP) or being included in its funding mechanisms.
 - It must be aligned with the European Union's industrial, ecological and energy transition objectives.
 - It must contribute to strategic autonomy, economic or national security, the National Investment Strategy (*Estrategia Nacional de Inversión*, 'ENI') for strategic projects - which must be approved by the Spanish Government's Executive Committee for Economic Affairs-, the processes of digitalisation and the digital and technological transformation of the

- economy, and national industrial production or strategic capabilities in the defence, health and industrialised housing construction sectors.
- It must provide an orderly response to the need for sectoral or regional restructuring.
 - It must be technically and financially sound.
 - Other criteria which, in exceptional cases, may be considered relevant under the ENI.
- However, in order to be definitively designated as a PEI, other more specific criteria must also be assessed, such as:
 - The soundness and progress of the project's business plan.
 - A detailed analysis of its contribution to strategic autonomy, and to economic and national security.
 - Its contribution to the 'green' (ecological) transition, and to access to, efficiency and sustainability of available natural resources and infrastructure, as well as to the fulfilment of environmental objectives (through indicators such as the environmental footprint, carbon footprint, resilience to climate change or other parameters relating to energy efficiency and environmental impact).
 - Its contribution to the implementation and widespread adoption of digital enabling technologies and technologies critical to economic security, as set out in European and national strategies.
 - The innovation effort linked to the project's associated activities (measurable through expenditure on R&D, protection by intellectual property rights, scalability from pre-commercial stages to commercial roll-out, or the adoption of research agreements with educational or research centres).
 - Its contribution to the creation, development or maintenance of an economic or scientific-technological ecosystem and the project's value chain.
 - The socio-economic impact on the area where the project is carried out (which will be presumed to exist and to be favourable if the project has received an official seal or recognition for its standard of high social commitment issued by the Spanish General Administration).
 - Its promotion of territorial cohesion (such as projects carried out in municipalities covered by the Demographic Challenge or in Just Transition areas).
 - The project's assessment by the autonomous region in which it is located (which must issue a report in this regard, unless the project has already been declared to be of regional interest).
 - Its contribution to the training and reskilling of workers, as well as the extent of its impact on gender equality and social inclusion.
 - Its designation as 'strategic' in accordance with EU regulations.
 - Other criteria which, in exceptional cases, may be considered relevant under the ENI.

Effects of designation as a PEI: what are the benefits?

Designation as a Strategic Investment Project may entail one or more effects, the most significant of which are as follows:

- Measures to promote and streamline administrative procedures: the project's authorisation procedures may be considered a priority, thereby halving the timeframes normally established in the applicable regulations.
- Measures to facilitate the project's access to and connection with electricity, water, land transport or other types of infrastructure (in the case of access to and connection with the electricity grid, this may mean that the project is given priority over other applicants, and may even lead to the establishment of a temporary reservation of access capacity at one or more nodes on the grid).
- Measures to expedite access to public aid and funds, including exemption from the requirement to demonstrate reasons of public, social and/or economic interest for them to be awarded.

The new Spanish Royal Decree does not contain an exhaustive list of effects, as any other measures that may contribute to the project's implementation and are approved alongside the PEI designation may be adopted.

The specific effect(s) that designation as a PEI would entail must be requested by the project promoter when applying for such designation, but only those effects expressly approved in connection with it can be invoked.

Similarly, if promoters have made commitments or conditions have been imposed (where those made or imposed are automatically carried over at the time foreign investment is authorised, should the project be subject to such authorisation), the designation as a Strategic Investment Project implies that these are binding.

In any event, the PEI designation does not in any way constitute an exemption from legal requirements, and the project must comply with all other procedures (whether streamlined or not) and requirements established in the applicable regulations.

Designation procedure: a two-stage process

The procedure for designating a project as a PEI, which is always begun at the request of the promoter concerned, is divided into two clearly distinct stages: the preliminary designation and the final designation.

- The preliminary designation.
During the preliminary designation, the initial assessment criteria are examined; if approved, it is regarded as a proposal but not as a final decision, and therefore does not yet entail any of the effects of the designation listed above.

Similarly, during this initial stage, the application is verified as being not manifestly unfounded (in which case it can simply be rejected outright). Projects are deemed to fall into this category when their application for designation has already been rejected in the previous year and when they have the same location, investment sector, promoters and characteristics.

The preliminary designation will be automatic, without the need for an individual assessment of the evaluation criteria, in the case of projects that have been declared to be of strategic interest by any means and under any EU regulation.

This initial stage, which the Royal Decree establishes is to be completed within one month, must conclude with either a preliminary designation in the form of a proposal for a final decision, or a proposal for non-admission or rejection.

- The final designation.

Following the preliminary designation, the project promoter will be requested to provide additional detailed information in order to determine (i) the assessment criteria for a final designation applicable to the project (although such assessment will not be necessary in the case of projects declared strategic under EU legislation which establishes the mandatory nature of such designation at the national level), (ii) the support measures requested for the project (that is, the effects associated with the designation), and (iii) the commitments and obligations undertaken.

If the project requires authorisation for foreign investment, the final designation cannot be made until such authorisation has been granted (and the conditions and/or commitments set out therein must be transcribed verbatim as part of the content of the final designation as a PEI).

The final designation (or the non-admission or rejection of the application) must be made within a maximum of three months from the application submission date, with administrative silence meaning it has been rejected. A decision on the matter exhausts the administrative remedies (meaning that the only options available are, at the applicant's discretion, to lodge an appeal for reconsideration or to proceed directly to the courts) and such decision will be published in the Official State Gazette, taking into account the potentially confidential or sensitive nature of the information.

Competent authorities: who is responsible for the designation?

Various authorities are involved in the processing of a designation as a PEI:

- The Strategic Investment Committee (*Comité de Inversiones Estratégicas*, 'CIE'): co-chaired by the head of the Office of Economic Affairs and G-20 of the Spanish Prime Minister's Office and the head of the Secretariat of State for Economy and Business Support, and

comprising representatives from (1) various ministries, (2) the Department of National Security and the Department of Strategic Foresight and Scientific Advice of the Prime Minister's Office, and (3) the Institute of Foreign Trade (*Instituto de Comercio Exterior*, 'ICEX'). Its most important functions are as follows:

- Granting preliminary approval as a PEI.
- Monitoring the proper implementation of a PEI and the commitments and obligations undertaken by its promoter (in collaboration with a division designated by the Ministry responsible for the project's sector) and, where appropriate, commencing the procedure to revoke the designation (or one or more of the associated support measures, in the event of unjustified partial non-compliance).
- Authorising substantial modifications of an already approved PEI.
- The Technical Secretariat of the CIE: chaired by a representative of the Office of Economic Affairs and G-20 and comprising representatives from the most relevant ministries for these purposes (Industry and Tourism, Finance, Ecological Transition and Demographic Challenge, Digital Transformation and the Civil Service, and Transport and Sustainable Mobility). Its functions are as follows:
 - To verify the sufficiency, suitability and accuracy of the documentation submitted by the promoter.
 - To appoint the body in charge of conducting the designation procedure, which may be a division of the Office of Economic Affairs and G-20 or of one of the ministries represented on the Technical Secretariat.
 - To propose to the CIE either a preliminary designation or a referral for non-admission or rejection.
- The Spanish Government's Executive Committee for Economic Affairs: currently comprising several ministries with an economic remit. Its functions are as follows:
 - To approve the ENI, and with it the relevant exceptional criteria for preliminary and/or final designations, as well as the assessment scales and methodologies to be used for this purpose.
 - To decide, in the event of a tie between the co-chairs of the CIE.
 - To grant the final designation as a PEI, or to decide to reject or not admit the application.
 - To decide the full revocation of the final designation.

In addition to these authorities, others may also be involved where their input is sought in an advisory capacity (technical bodies, regional government or local authorities where the project will be located, etc.).

Supervision and monitoring

The CIE, in conjunction with the regional and local authorities concerned, may take whatever supervisory and monitoring measures it deems necessary regarding the project's implementation and compliance with the commitments and obligations set out in the PEI designation. For this

purpose, it may at any time request documentation and information from the promoters, which must be provided within fifteen business days.

Should the CIE detect that unauthorised substantial modifications have taken place which entail total or partial non-compliance with the commitments or obligations undertaken, or a misrepresentation or concealment of data relevant to the designation as a PEI or to its monitoring, or that the project is not being implemented as described, it may decide to commence the process for the total or partial revocation of the final designation.

Modification and revocation

The substantial modification of a Strategic Investment Project once it has been designated as a PEI (affecting essential elements of the designation, and in particular changes in ownership or variations of more than 10 per cent in the volume of investment or planned employment) must be notified in advance to the CIE for its authorisation or rejection.

A final designation as a PEI can be revoked at the proposal of the CIE if it is established, following the supervision and monitoring carried out, that grounds for such revocation have indeed arisen. Revocation can be partial (concerning one or more of the associated support measures, in the event of merely partial non-compliance) or total.

The revocation process is conducted following a mandatory hearing with the project promoter, and it will lapse if an express decision is not issued and notified within three months (notwithstanding the possibility of a new process commencing for this purpose).

Although the Royal Decree does not expressly state this, revocation is not of a punitive nature and will therefore be separate from the imposition of any penalties that may apply.



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