

The Financial Times Reporting

Princess Cristina Federica de Borbón y Grecia was formally implicated in the case last month, when the investigating judge said she was suspected of tax fraud and money laundering. The case centres on allegations that Iñaki Urdangarin, her husband, embezzled millions of Euros by overcharging local and regional governments for the services of a non-profit marketing and consulting body he headed.

Princess Cristina arrived at the entrance of the courthouse in Palma de Mallorca by car, a rare concession by the court that allowed her to avoid a potentially uncomfortable walk past throngs of reporters and Republican protesters.

Once seen as virtually untouchable, Spain's royal family has seen a sharp slide in popular support in recent years. According to a poll last month, less than half of Spaniards want the country to remain a monarchy – the lowest ever recorded since Spain returned to democracy in the late 1970s.

Spaniards have been angered in particular by the recent series of scandals and missteps, including an ill-timed decision by King Juan Carlos himself to go on a luxurious elephant safari at the height of the financial crisis. More than 60 per cent of Spaniards say they want the king to abdicate in favour of his son, Crown Prince Felipe.

Princess Cristina's hearing itself was conducted behind closed doors, but Spanish media quoted a lawyer who was present during her testimony. Manuel Delgado, who acts on behalf of a group that has joined the proceedings as a plaintiff, said that Princess Cristina had seemed evasive, and had told the court repeatedly that she could not remember details.

"I trusted my husband," he quoted her as saying, after being confronted with questions about Aizoon, a company the princess co-owned with her husband and that allegedly received large undeclared payments from Mr Urdangarin's consultancy.

Both the princess and her husband have denied any wrongdoing. Neither has taken on formal duties for the royal family since 2011, when the case was opened.

Her appearance in court marked the first time that a direct member of Spain's royal family has had to give testimony as a suspect since the monarchy was restored almost four decades ago

It was the first time that a Spanish royal has been summoned in a criminal proceeding since the monarchy was restored in 1975 following the death of dictator Francisco Franco.

With Spain emerging slowly from a deep economic and financial crisis, judges are looking into hundreds of corruption cases left over from a property boom that ended abruptly in 2008.

Cristina, the younger daughter of King Juan Carlos and seventh in line to the throne, is answering preliminary charges of tax fraud and money laundering linked to her use of income from a shell company she co-owned with her husband Inaki Urdangarin.

She was driven down a ramp to the courthouse in Palma de Mallorca, capital of the Balearic Islands, and walked the last few steps, smiling at the press and dressed soberly in a white shirt and black jacket.

Streets away, hundreds of protesters shouted slogans calling for a republic, equal justice for all and an end to institutional corruption.

"I'm a monarchist, but if they have done wrong they should return what they stole and be exposed just like the rest of us," said Angel Rodriguez, an 80-year-old pensioner passing by the court.

Mr Urdangarin is charged with crimes including the embezzlement of 6 million euros of public money at a charitable foundation he ran and where the princess was a board member.

Both the princess and Mr Urdangarin - who have not represented the Crown at official events since 2011 - have denied wrongdoing.

The closed-door court hearing in Palma took place after the princess had been given special permission to be driven to the courthouse door for security reasons. That meant she did not have to walk down a long ramp under the glare of hundreds of cameras, unlike her husband when he testified.

The arrangement underlined the perception among many Spaniards that the royal family has been given favourable judicial treatment.

Mr Urdangarin, a former Olympic handball player, is accused of using his royal connections to win generous no-bid contracts from the regional Balearic Islands government to put on sports and marketing events before a 2008 property market crash, when local governments were awash with cash.

Judge Jose Castro is investigating how Mr Urdangarin overcharged and charged

for services never provided, and how the proceeds went to a shell company without the appropriate tax being paid. The couple co-owned the shell company and used it for personal expenses including, for example, work on their Barcelona mansion and the princess's salsa lessons.

The royal scandal has hastened a decline in the popularity of the once-revered King Juan Carlos after a series of gaffes showed his high-flying lifestyle to be woefully out of step with a nation suffering an unemployment rate of 26 per cent.

An opinion poll released last month put the king's popularity at a record low, with almost two-thirds of Spaniards wanting him to abdicate and hand the crown to his son.

"Support for the king plummeted when, in a situation of great economic and social difficulty, he projected an image of frivolity, of having neglected his obligations," said Ignacio Torres Muro, professor of constitutional law at Madrid's Complutense University.

The multiple probes of top politicians and personalities, union leaders and bankers are being pushed by anti-graft groups because state prosecutors have proven reluctant to tackle politically sensitive cases.

The same goes for Mr Castro's investigation of Princess Cristina, which has faced resistance from the state prosecutor, who has come out in defence of the princess.

After Saturday's hearing, Mr Castro could formalise the charges and move to trial, or he could drop them or allow the princess to plead to lesser charges. Mr Castro brought the preliminary charges against the princess in January in a 227-page ruling. Last year he brought charges of aiding and abetting, only to have them thrown out by a higher court. The investigation began four years ago.

The princess has stuck by her husband, but last year moved with their four children to Switzerland to escape media attention. She works for a charitable foundation there.

Many Spaniards think she will get off lightly. "This is a country where there are no consequences for being corrupt. They get a free ride," said Maria Gomila, an 18-year-old student.