CHINA has banned a Swedish-made computer game accused of "distorting history and damaging China's sovereignty" by showing Manchuria, Tibet and Xinjiang as independent nations. The computer game, "Hearts of Iron", made by the Stockholm-based games developer Paradox Entertainment, also showed Taiwan as a part of Japan, China's state run Xinhua news agency said, citing a censorship committee under the Ministry of Culture.

"All these severely distort historical facts and violate China's gaming and internet service regulations," the ministry said. "The game should be immediately prohibited."

All websites are banned from releasing the game and copies of the game on CD-ROM will be confiscated. Sellers will be punished, it said.

Internet bars that provide downloads of the game or fail to stop surfers who download, install or play the game, will be fined or even ordered to stop business, it said.

Earlier this year gaming regulators ordered all copies of a Norwegian-made computer game to be pulled off store shelves after alleging it "smeared" China's national image.

"Project IGI2: Covert Strike" was accused of blackening Beijing and the Chinese army's image by featuring a freelance mercenary stealing intelligence and conducting sabotage in China.

The mercenary fights in the game are across three linked campaigns in the former Soviet Union, Libya and China.

With the popularity of the internet, computer games have become a booming industry in China.

In 2002, computer games pulled in earnings of 910 million yuan ($154 million), according to a report by state-run television station CCTV's website.

Analysts predict growth in the industry will be enormous with rising demand and the improvement of the broadband network and domestic game developers.

China's previous attempts to control burgeoning internet use has been targeted at politically sensitive messages or essays in online discussions forums, websites and emails.

Agence France-Presse

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