

Title: **Nordion signs Russian deal to lock in cobalt supply**  
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Article:

MDS Nordion has signed a long-term deal to lock in a supply of cobalt used to sterilize medical instruments, a multimillion-dollar industry that it dominates.

The Ottawa company, the world's biggest supplier of medical isotopes, said the deal with a Russian nuclear reactor will increase Nordion's supplies of cobalt-60, which is becoming increasingly in demand, by 30 per cent by 2016.

Nordion wouldn't disclose the value of the deal for competitive reasons. Senior vice-president Chris Wagner said it is significantly bigger than an earlier \$24-million deal negotiated with Rosenergoatom, the operating utility of Russia's nuclear power plants.

"The world demand is growing at seven per cent annual rate as the baby-boom generation ages and requires more medical procedures," he said. "We also see opportunities in the vegetable and fruit irradiation business because of recent recalls (of contaminated produce) in the U.S. and other countries."

Cobalt-60 is used worldwide to sterilize 45 per cent of disposable medical devices such as surgeons' gloves, syringes, sutures, and catheters.

Nordion has about 60 per cent of the sterilization market. But just a year ago, Nordion sales fell 11 per cent and profits plunged 26 per cent in one quarter in part because it couldn't get enough cobalt-60.

The problem is that Canadian nuclear plants like the Bruce and Darlington plants can only remove cobalt-60 during maintenance periods.

The Russian reactors, which support more than 10 power plants, are designed to allow the removal of cobalt-60 at the same time as power is being produced.

"As demand for cobalt-60 increases each year, this contract is great news for the global medical community," said MDS president Steve West.

Nordion will invest in capital improvements at some Russian plants to improve the supply.

The cobalt-60 supply will gradually increase as power production grows.

"Rosenergoatom plays an important role in providing a consistent supply of cobalt-60," Valery Lebedev, a deputy director general at Rosenergoatom, said in a statement.

"Unlike most power reactors, Rosenergoatom can harvest cobalt-60 while the reactor is in operation. This allows MDS Nordion to more closely match cobalt-60 supply to customer demand by increasing the reliability and efficiency of the overall supply chain."

Summary:

MDS Nordion has signed a long-term deal to lock in a supply of cobalt used to sterilize medical instruments, a multimillion-dollar industry that it dominates. The Ottawa company, the world's biggest...