Overview

Between 2000 and 2012 there were nearly 15,000 active defense contractors in Virginia. During this period, these contractors were awarded nearly half a million contracts totaling over U.S. $509 billion. In 2011 alone, the U.S. Department of Defense awarded 159,193 contracts worth over U.S. $42.8 billion to companies in Virginia.

A number of large U.S. and foreign contractors have a presence in Virginia. Important defense and military sites and facilities are located throughout Virginia, including the Pentagon, the headquarters of the U.S. Department of Defense, and the only NATO headquarters outside of Europe. Virginia is home to the largest Navy base in the world, as well as the largest active-duty military population in one metropolitan area in the United States. Its defense sector is highly diverse, with maritime and cybersecurity being two key subsectors, and the sophisticated nature of its defense industry is spurring development in the hi-tech sector.

Notable Virginia-Based Defense Contractors

In addition to the sheer quantity of defense contractors, Virginia is also home to the headquarters of numerous top defense contractors, including:

» Lockheed Martin, General Dynamics, Raytheon, Northrup Grumman, Huntington Ingalls, DynCorp, and Computer Sciences Corporation

» Other large contractors include: Alliant Techsystems, Booz Allen Hamilton, Exelis Inc., Hewlett Packard, ManTech, CACI International, SAIC, Alion Science and Technology, Edge Technologies, MITRE, and SRA International

These lists do not include the many medium-to-small firms which supply a world-leading product or service.
Foreign Defense Contractors with Offices in Virginia

In addition to the many significant U.S.-based contractors, Virginia is also a hub for many foreign defense contractors. The British defense firm BAE Systems relocated its ground combat element and the headquarters of its entire U.S. operations from Rockville, Maryland to Virginia. Other foreign companies with their U.S. headquarters in Virginia include Airbus, SAFRAN, EADS, FNH, Heckler & Koch, Intelsat, Rolls-Royce, QinetiQ, and SAAB Aerotech.

Proximity to Government and Defense Customers

Virginia is home to many large military sites and facilities, including:

- The Pentagon
- National Reconnaissance Agency
- Fort AP Hill
- Marine Corps Base Quantico
- Naval Weapons Station Dahlgren
- Fort Lee
- The Office of Naval Research
- The Defense Advanced Research Projects Agency

The largest Navy base in the world is located in Hampton Roads. The headquarters of the U.S. Department of Defense, the Pentagon, is located in Virginia, although the building has a Washington, DC postal code. Many of the Pentagon’s ancillary and support agencies are located in surrounding Northern Virginia areas.

Virginia Beach is home to the largest active-duty military population in the United States. The area has ten installations representing all service branches of the U.S. military, including the Navy’s East Coast Master Jet Base and its computer network command, the Air Force’s Air Combat Command’s headquarters, the major operating base for U.S. expeditionary forces, and key commands for both the Marine Corps and Coast Guard.

Virginia’s Hampton Roads is the location of the only North Atlantic Treaty Organization (NATO) command outside of Europe. NATO’s Allied Command Transformation (ACT) program, which is responsible for analyzing and evaluating developments in operational concepts for combat, is headquartered in Norfolk. Virginia’s NATO command is a regular visiting spot for the forces and vessels of foreign nations.
Intelligence and Research Community in Virginia

In addition to defense facilities, several national security and intelligence agencies are also located in Virginia. The Central Intelligence Agency (CIA) and the National Geospatial Intelligence Agency are located in Langley and Springfield, Virginia. The U.S. Marine Corps shares its Quantico base with the Federal Bureau of Investigation’s (FBI) and the Drug Enforcement Agency’s (DEA) research and training facilities. There are also major federal R&D facilities throughout Virginia, including NASA’s Langley Research Center and the Thomas Jefferson National Accelerator Facility. Wallop’s Island, located on Virginia’s Eastern Shore, houses an active space launch facility.

Defense-Oriented Trade Associations

Virginia is home to many trade organizations, commercial associations, and academic bodies that have strong ties to the defense sector. Several defense and/or security-related associations are headquartered in northern Virginia outside Washington, DC, including the National Defense Industrial Association (NDIA), the Armed Forces Communications and Electronics Association (AFCEA), and the Aerospace Industries Association (AIA). Virginia also has many state-wide associations that include defense-related companies within their membership, including:

- GovCon League
- Virginia Manufacturers Association
- Virginia Ship Repair Association
- Virginia Maritime Association
- Tidewater Association of Service Contractors
- The Hampton Roads and Northern Virginia Technology Councils
- Hampton Roads Women in Defense

Doing Business in Virginia

Virginia is the top state in value of defense contracts awarded, receiving federal contracts totaling $88.7 billion in 2011. The reason so many defense contractors locate in Virginia is Virginia’s favorable business climate. Virginia is consistently rated as amongst the best states for doing business. Virginia is a right-to-work state that hasn’t raised its corporate income tax rate of 6% since 1972, and the U.S. Chamber of Commerce ranks the state highly for its fair litigation environment.
Virginia’s Diverse Defense Sector

The defense sector in Virginia is highly diverse. Companies in Virginia produce products and provide services related to ship building, repair and maintenance; aerospace; cyber security and other IT services; satellites and space technology; C4ISR systems; security technology; sensors and radars; missiles; firearms; Chemical, Biological, Radiological, Nuclear, and High Explosive (CBRNHE) detectors and response systems; first responder systems and support; counter-improvised explosive device systems (C-IED); and high technology, stealth and materials development. Virginia companies also provide training for a variety of operations and functions and offer a wide range of consulting services to both the federal government and private defense contractors.

Maritime Sector

The maritime sector is the largest and most important segment of Virginia’s large defense industry. In addition to having the world’s largest naval base, Virginia is also the center of the U.S. shipbuilding industry. More than 26,000 Virginians are employed in shipbuilding directly, with another 37,000 employed in providing shipyard services or other related products. Norfolk has one of five ‘public’ shipyards, and Huntington Ingalls yards in Newport News is one of only a few yards capable of building large naval vessels or deep-draft ocean going ships. Most of the U.S.’s naval fleet is maintained in either Norfolk, Virginia or San Diego, California.

In addition to military maritime facilities, Virginia also has a world-leading port. The Port of Virginia has four marine terminals, the deepest shipping channels on the eastern seaboard, is serviced by thirty international steamship lines, and has rail line facilities connecting to the Midwest and the Southeast United States. Over 1.2 million containers, nearly 19 million tons of cargo, and almost two thousand ships moved through the port in 2013.

To learn more about export opportunities in the maritime sector, see VEDP’s Maritime Opportunities report.

Cybersecurity Sector

Cyber security is a growing sector in Virginia and the state is quickly becoming an industry hub as cyber-attacks increase on defense-related government agencies and private firms. Defense budgets are being increased to include cyber elements in response to the cyber-attacks made on state-owned energy companies in the Middle East, government agencies in Japan and South Korea, and frequent attempts made to infiltrate the systems of U.S. agencies.

To learn more about export opportunities in the cybersecurity sector, see VEDP’s Cyber Security Export Markets report.
Spill Over into Other Sectors

The information technology industry is one of Virginia's largest and is bolstered by a large, highly skilled local workforce. Loudon County in Northern Virginia is experiencing a data center building boom. The county is already home to more than 5 million square feet of data center space and houses servers for Facebook, Amazon, Rackspace, Google, Microsoft and hundreds of other companies.

The large size of the defense community and proximity to Washington, D.C. has led Virginia to become a hub of the emergency management subsector. Many private firms located throughout Virginia are the largest U.S. providers of emergency management technologies and services.

Additional Resources

- Locations of Military Bases in Virginia
- NATO Allied Command Transformation
- National Defense Industrial Association (NDIA)
- Aerospace Industries Association
- AFCEA International
- GovCon League
- Virginia Ship Repair Association
- Women In Defense Greater Hampton Roads
- Maritime Opportunities
- Cyber Security Export Markets

Virginia Economic Development Partnership - International Trade offers a number of export-related services to Virginia businesses, including trade missions and market research by our Global Network of in-country consultants. These services are available to all Virginia exporters.

For more information, please visit our website: ExportVirginia.org

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