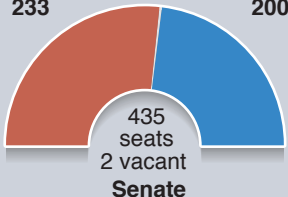


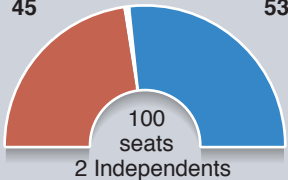
President Obama's second-term challenges

DIVIDED CONGRESS

House of Representatives
 Republicans 233 Democrats 200



Senate
 Republicans 45 Democrats 53



U.S. debt ceiling:

Borrowing has hit statutory limit of \$16.4 trillion. Agreement on raising debt ceiling is essential within divided Congress to avoid pushing economy back into recession

Obamacare: President Obama must reform healthcare and social security systems which add hundreds of billions to national debt

EUROPE

Euro zone crisis: U.S. and EU have world's largest bilateral trade relationship – worth €445 billion in 2011. Europe's economic health is integral to America

SYRIA

Civil war: With more than 60,000 people killed, Obama administration's non-intervention policy is under pressure. Advocates of intervention want U.S.-enforced no-fly zone and supply of weapons directly to rebels

IRAN



Nuclear issues: UN claims Iran could have enough enriched uranium to build nuclear weapon by summer. Tough U.S.-EU sanctions – which are causing severe hardship in Islamic Republic – could lead to deal to limit enrichment

ISRAEL

Israeli-Palestinian conflict:

Obama has historic opportunity to revive elusive two-state solution which died during first term. However, increasingly stormy relationship with Israeli Prime Minister **Benjamin Netanyahu** could be peace-killer

Iran: Obama may have to rein in Netanyahu's eagerness to bomb Iran's nuclear facilities

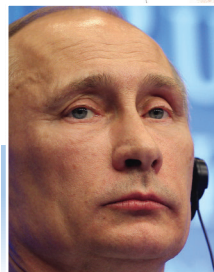


GLOBAL ISSUES

Afghanistan: Plan to speed up U.S. troop withdrawals – accelerating end of 11-year war with Taliban – could lead to collapse of President **Hamid Karzai's** government and even greater instability among Afghanistan's neighbours. About 97% of Afghan economy is based on spending by U.S. and NATO countries



China: Trade with China will remain contentious, with Washington irritating new leader **Xi Jinping** by filing more cases against Beijing at World Trade Organisation. U.S. could become entangled in conflict between Japan and China over islands in East China Sea



Russia: Obama needs cooperation from President **Vladimir Putin** on both Syria and Iran – sticking point likely to be Washington's plans to station missile-defence warships in Black Sea



Arleigh Burke Class guided missile destroyer

