SENTINEL MERIDIAN GLOBAL THREAT ADVISORY

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THE DOLLAR-OIL ORDER

How the Postwar Monetary System Became Dominant, Why Oil Trades in Dollars, and How Challengers Have Fared

EXECUTIVE SUMMARY

The U.S. dollar became the core of the post-World War II monetary system because the United States emerged with unmatched industrial capacity, gold reserves, financial depth, and political influence. Bretton Woods linked major currencies to the dollar and the dollar to gold; after convertibility ended in 1971, dominance persisted through network effects, deep U.S. capital markets, trusted legal infrastructure, trade invoicing, and Treasury securities. Oil is commonly priced and settled in dollars because producers, traders, insurers, banks, and futures markets benefit from a shared unit of account and liquid hedging ecosystem.

KEY JUDGMENTS

- Dollar dominance is structural and market-based, but gives Washington powerful sanctions leverage.
- Oil pricing reinforces dollar liquidity, though selected transactions use other currencies.
- Iraq, Libya, Iran, Russia, and others challenged parts of the system without displacing it globally.
- Claims that Gaddafi was killed solely for proposing a gold-backed currency are not established by credible evidence.
- De-dollarization is likely to be gradual and fragmented.

I. STRATEGIC CONTEXT

Bretton Woods formalized a dollar-centered exchange-rate system in 1944. The system reflected U.S. economic weight after the war.

When official gold convertibility ended in 1971, the dollar remained dominant because trade finance, banking, central-bank reserves, and commodity markets were already organized around it.

II. THREAT ARCHITECTURE

The dollar system is a network: importers need dollars, suppliers accept them, banks provide dollar credit, central banks hold dollar reserves, and Treasury securities serve as liquid collateral. Oil markets reinforce the network through benchmarks, derivatives, shipping, insurance, and settlement infrastructure.

THREAT VECTOR	LEVEL	TREND	CONFIDENCE
Dollar reserve role	SEVERE / DOMINANT	SLOW EROSION	HIGH
Dollar oil invoicing	HIGH	STABLE	HIGH
Local-currency settlement	ELEVATED	RISING	HIGH
Alternative payment systems	ELEVATED	RISING	MODERATE
Abrupt dollar displacement	LOW	UNLIKELY	HIGH

III. GRAPHICAL ANALYSIS

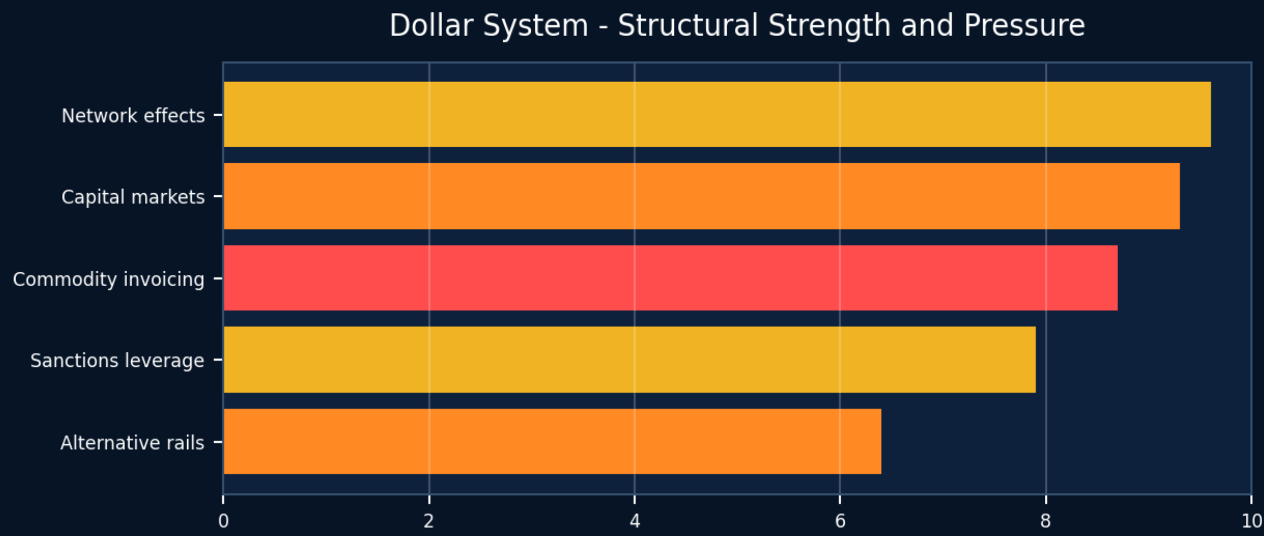

Figure 1. Relative pressure across the principal threat vectors.

IV. OPERATIONAL TIMELINE

1944

Bretton Woods establishes a dollar-centered fixed exchange-rate order.

1971

The United States ends official dollar convertibility into gold.

1973-1974

Oil-market upheaval and U.S.-Saudi financial cooperation deepen dollar settlement and recycling of petroleum revenues.

2000

Iraq moves oil-for-food accounting to euros; the shift remains narrow and temporary.

2009-2011

Gaddafi promotes African monetary autonomy and discusses gold-backed currency concepts; Libya later collapses amid uprising, civil war, and NATO intervention.

2014-2026

Sanctions accelerate local-currency trade, gold accumulation, and alternative payment systems.

V. CASE STUDY / SCENARIO

Gaddafi held substantial gold reserves and promoted African monetary institutions. These facts later fueled claims that Western powers intervened to prevent a gold-backed currency. The better-documented chain is Arab Spring unrest, violent repression, civil war, regional diplomacy, a UN mandate, and NATO action. Monetary ambition may have been one concern, but it is not proven as the sole cause.

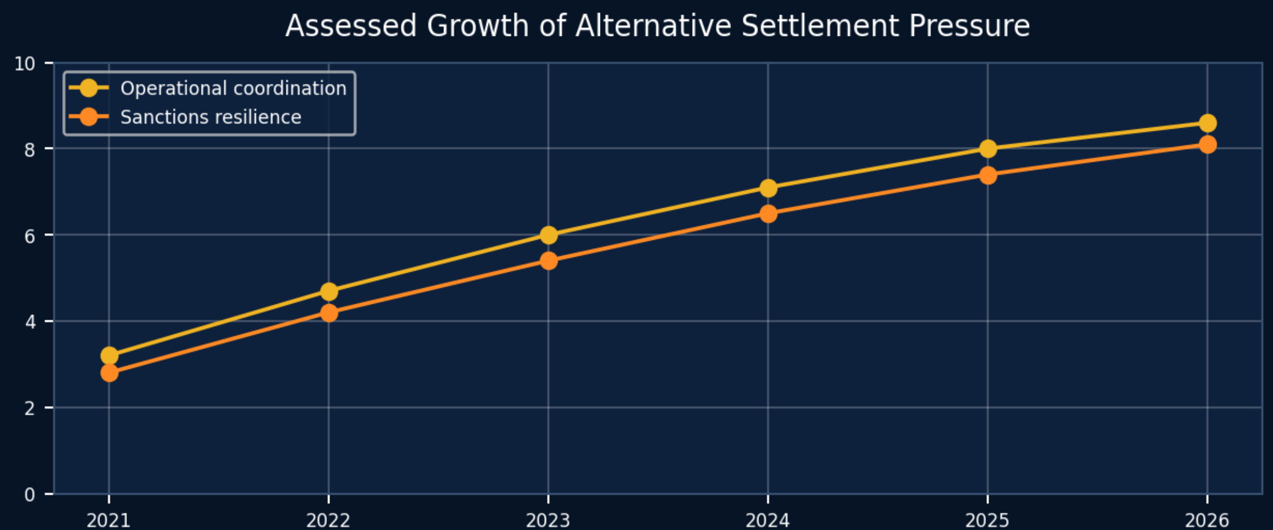

Figure 2. Assessed trajectory of coordination, persistence, or system pressure.

VI. IMPLICATIONS FOR CLIENTS

PRIORITY ACTIONS
• Track measurable reserve, settlement, and invoicing data rather than sensational collapse claims.
• Model sanctions exposure across currencies, banks, clearing systems, and collateral markets.
• Monitor commodity exchanges and long-term contracts for changes in invoicing behavior.
• Assess legal certainty, capital controls, and convertibility of alternatives.

VII. OUTLOOK AND INDICATORS

The dollar share of reserves will likely decline gradually while remaining dominant.

The likely future is layered: the dollar remains primary while other currencies and digital rails gain specialized roles.

INTELLIGENCE GAPS

• Off-book commodity settlement data.

• True currency composition of sanctioned states reserves.

• Durability of renminbi use beyond China-linked trade.

SENTINEL MERIDIAN BRIEFING CONCLUSION

BOTTOM LINE

• The dollar system survives because it is an ecosystem, not merely a decree. Challengers can erode portions of it, but replacing its liquidity, collateral, legal infrastructure, and global acceptance is far harder than changing the currency on an oil invoice.

VIII. SOURCES AND METHODOLOGY

This assessment is based on open-source government releases, institutional datasets, reputable research, and analytical inference. Confidence levels reflect source quality, corroboration, and transparency. The publication does not claim access to classified intelligence.

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ASSESSMENT END