Cultural diplomacy traditionally assumes that the exchange of cultural products promotes better understanding—and that the primary challenge is getting foreign audiences to engage with creative works from afar. In the digital age, the realities are much more complex. Fueled by digital piracy, translation websites, and the porous boundaries of the Internet, cultural products move quickly into locations their producers rarely imagined and are picked up by multiple new publics. This has ramifications on cultural policy. When the Iranian film A Separation, directed by Asghar Farhadi, won Best Foreign Language Film at the 2012 Academy Awards it was cause for celebration in Tehran. But a year later, when Ben Affleck’s Argo took home the 2013 Oscar for Best Picture, there was widespread dismay in Iran about the film’s representations of Iranians and Iranian history, and a remake funded by the Islamic Republic was immediately promised. In both cases, cinema took center stage in the public discussion of US-Iranian relations. Argo dredged up memories of old hostilities between the two nations and renewed American anxieties about Iranian perfidy, and vice versa. A Separation, in contrast, was not only a triumph for its director, but also stood for the celebrated body of post-Revolutionary Iranian “new wave” cinema—proving that great art is being produced in the Islamic Republic of Iran. The way both films were circumscribed and overwhelmed by international politics demonstrates the limits of cultural products to communicate in ways that defy those politics. And from a policy standpoint, cultural diplomacy will have to acknowledge and deal with the political impacts of cultural “exchanges” that are not sponsored by the government but that have significant political ramifications. This discussion, drawn from my research in both Iran and the US, challenges those who argue that cultural products such as film, literature, music and art communicate simply in the 21st century—if they ever did in the 20th.